



Enanta Attracts Bullish Positioning into Catalysts, Base Breakout

Ticker/Price: ENTA (\$93.5)

Analysis:

Enanta Pharma (ENTA) with 1,000 June \$95 calls bought late yesterday for \$4.85 and follows a bullish spread opened on 4/25 which bought the July \$90/\$105 call spread 750X1,500 and sold the \$80 puts 750X. ENTA shares are working out of a small base and back above the 20-day MA with room back to the Feb. highs near \$102.50. The \$1.87B biotech trades 8X sales, 5X cash, and 21X FCF. ENTA focuses on small-molecule drugs for the treatment of viral infections and liver diseases. They expect Phase 2 data for the NASH treatment in Q3 and their Phase 2 RSV program sometime mid-year. Analysts have an average target of \$118.25. Roth Capital has a \$133 PT, citing the company's two blockbuster HCV drugs, Viekira and Mavyret, and a third major blockbuster likely from RSV. Oppenheimer with a \$100 PT. They think ENTA has unique molecular optimization capabilities that could translate into a "superior" product profile in a growing field of liver disease competitors but headwinds in HCV. Institutional ownership rose 9.7%. Orbimed, Acuta Capital, and Stonepine notable buyers. Short interest is 11% but down from over 14% in late March.

Hawk Vision:



Trading Strategy: ENTA has an attractive set-up and some clear catalysts for using options to clearly define the event-risk.

Confidence Ranking: \$\$