



Uniqure Bulls Position for Potential Sale, See Upside Remaining

Ticker/Price: QURE (\$77.25)

Analysis:

Uniqure (QURE) spread yesterday bought 2,000 July \$85 calls for \$4.70 and sold the October \$115 calls against for \$2.55, net \$2.15 debit. QURE saw the July \$85 calls bought 2,000X on 6/7 and spread with a sale of the January \$105 calls, similar structure, while the July \$75 calls have over 8,750 in open interest from buyers. The December \$80 calls have 2,000 in OI from a buyer on 3/13 at \$10.80, a more than \$2.45M buy. The positioning is interesting with the company reportedly exploring options, including a sale, according to Bloomberg. Gene therapy has been a hot area for M&A in 2019 and QURE sets up as a strong candidate for a deal, especially after peer Spark Therapeutics (ONCE) was acquired by Roche. The \$2.89B company trades 325X sales and 13.8X cash with limited debt. QURE has two key pipeline products in AMT-130 and AMT-061 exploring treatments in Huntington's, Hemophilia B, and Parkinsons. Analysts think QURE is a good target for Novo Nordisk (NVO) and Sanofi (SNY) while Pfizer (PFE) is likely off the table with their deal for Array (ARRY). Another option – albeit likely not one most recent holders want – is a partnership or license of its lead program. Janney was out positive on the program on 6-11 seeing QURE having the first FDA approval for an AAV gene therapy for hemophilia B and the first AAV gene therapy program in the clinic for Huntington's disease. Chardan has a \$175 PT for shares. They think QURE could be headed towards a \$5B-\$10B valuation as support emerges for what could be a "best-in-class, breakthrough" Huntington's franchise. In the second half of 2019, uniQure is expected to make AMT-130 the first one-time gene therapy to enter the clinic for Huntington's. The firm now expects peak AMT-130 sales of \$2.7B, 25% risk-adjusted, in 2026. Piper positive on 5-12 noting that its Phase 2b trial for hemophilia-B gene therapy had an average Factor IX activity of 47% of the normal at 26 weeks. Considering that the average FIX activity was 38% of the normal at 12 weeks in the last update provided, the analyst finds these results "highly encouraging" and indicative of a durable and effective therapy that is producing stronger responses than previous competitors. Hedge Fund ownership is down 15%. Nantahala Capital a buyer call options equivalent to 1.2M shares while Consonance Capital and Redmile top holders. Short interest is 5.8%.

Hawk Vision:



Trading Strategy: QURE has been a top play all year with the options positioning and continue to see it as a lead gene therapy asset with strategic value, flow indicating likely to be well over \$100/share.

Confidence Ranking: \$\$