



AnaptysBio Positioning into Key Data

Ticker/Price: ANAB (\$56.13)

Analysis:

AnaptysBio (ANAB) with 1,000 November \$75 calls bought on 7/22 and another 1,000 bought on 7/24 for net \$760,000. ANAB does have over 1,000 January \$50 puts and 1,700 November \$55 puts in open interest bought for around \$2M. The positioning comes ahead of Phase 2b GPP data for ANB019 for etokimab in atopic dermatitis sometime in the 2H of 2019 and trials in psoriasis and nasal polyps as well. ANAB is also seeing short interest rise 16.5% Q/Q to a record high of 19% of the float. The \$1.52B Biotech is trading 3.65X cash value with no debt with forecasts calling for real revenue generation to start in FY22. AnaptysBio is a clinical-stage antibody development company advancing therapeutic antibody product candidates focused on unmet medical needs in inflammation. We develop our product candidates to address emerging biological targets using our proprietary antibody discovery technology platform, which is based upon a breakthrough understanding of the natural process of antibody generation, known as somatic hypermutation, or SHM, and replicates this natural process of antibody generation in vitro. Its wholly-owned product pipeline includes etokimab (ANB020) and ANB019, which are being developed to treat severe inflammatory disorders with unmet medical need. It is advancing etokimab, an antibody that inhibits the activity of interleukin-33, for the treatment of moderate-to-severe adult atopic dermatitis, severe adult eosinophilic asthma, and adult chronic rhinosinusitis with nasal polyps (CRSwNP). In addition, we are developing our ANB019 product candidate, an antibody that inhibits the interleukin-36 receptor, for the treatment of rare inflammatory diseases called generalized pustular psoriasis (GPP) and palmoplantar pustulosis (PPP). Analysts have an average target of \$115 on shares. CSFB downgraded to Neutral cutting its target to \$79 from \$137 citing “We are reducing our assumed probability of success (PoS) for etokimab in AD (from 55% to 35%) and in asthma (from 45% to 40%). 2019 EPS are unchanged. We continue to expect Ph2 GPP data from ANB019 mid-2019 and think this update could influence investor perceptions of ANAB’s platform capabilities. Upside risks include positive clinical readouts and M&A. Downside risks include clinical trial, competitive, and regulatory/commercial headwinds.” HC Wainwright has a \$126 target noting even in the case of etokimab showing comparable efficacy and safety as dupilumab, we still think that a fraction of patients who do not respond to dupilumab can potentially benefit from etokimab. SunTrust on 6/24 lowered its target to \$94 from \$125 seeing etokimab as a viable drug in markets large enough to sustain multiple drugs after investors were concerned with results from a competitor’s drug. Jefferies reiterated a Buy on 6/21 calling Regeneron’s (REGN) data the best case scenario for ANAB and sees AnaptysBio mid-2019 readout could boost shares 20%-30%, with an absolute reduction of two-to-five points on the modified Japanese Dermatology Association score. This would correlate with management’s guidance of a 25%-50% decrease as well as put efficacy of ANB019 on par with off-label options. It sees 10-15% downside on weaker data. Hedge Fund ownership rose 7.5% in Q1 filings, Adage Capital with a notable \$195M stake.

Hawk Vision:



Hawk’s Perspective: ANAB has a weak chart (price-action), a surging short float, and the put positioning outweighs the call positions, so have to lean bearish into this event despite the Analyst love.

Confidence Ranking: \$\$