



## Puts Accumulate in Intercept Pharma

**Ticker/Price:** ICPT (\$81.75)

### Analysis:

**Intercept (ICPT)** moving higher today with biotech strong but seeing 2,500 February \$70 puts bought for \$10.50 spread against the December \$60 puts at \$3.75, similar to spreads yesterday which bought 3,500 January \$80 puts and sold the December \$70 puts against. ICPT has seen some sizable bearish bets recently across the September \$75 puts, September \$95 puts, and December \$130 puts while the January \$75 puts bought for \$1.5M on 5-24. Short interest has jumped in the name lately up to 16.6% from 9.6% in March. ICPT has been a laggard in the space in 2019 after NASH data earlier this year and consolidating in a narrow multi-week range above \$80 since May. A breakdown targets a big VPOC from 2017/2018 down near \$60. The \$2.55B company trades 13X sales and 7.2X cash. They expect 31.5% and 55.1% revenue growth over the next two years. ICPT released positive Phase 3 data for their NASH treatment Ocaliva earlier this year but failing to gain traction with concerns over safety in liver and bile ducts. The company is also facing competition in the space. They expect to file an NDA in Q3. Analysts have an average target for shares of \$145 with 16 buy ratings, 4 hold, and 2 sell ratings. Stifel out with an \$89 PT on 6-24 with the analyst not optimistic about Ocaliva's commercial viability in NASH and sees too many variables surrounding the Adcom and potential launch. Raymond James out on 6-6 questioning whether the company will get accelerated approval for their NASH treatment given recent FDA language. The firm thinks FDA guidance suggests that an interim analysis assessing improvement in fibrosis and other secondary histologic endpoints at 52 weeks may not be sufficient. Hedge Fund ownership rose 76.5% last quarter. Senvest Management and Sarissa Capital two notable holders. Great Point Partners a buyer of put options. ICPT had a director bought \$100,200 in stock on 5-14 at \$83.50.

### Hawk Vision:



**Trading Strategy:** ICPT looks to be pausing ahead of another leg lower and the put options and rising short interest giving the same signal.

**Confidence Ranking:** \$\$