



Retrophin Activity Surges into Q3 Data

Ticker/Price: RTRX (\$20.95)

Analysis:

Retrophin (RTRX) with 3,000 August \$22.50/\$30 call spreads bought this morning for \$1.70, same spot 2,000 were bought yesterday. RTRX has seen 5,000 August \$25/\$15 bull risk reversals bought on 7-5 and 1,000 September \$25 calls bought recently as well. On 7-1, a trader bought 5,000 August \$20 puts tied to long stock while some September collars have also opened around long stock. Shares are consolidating above the 13- and 20-MA recently with the 200-day as well as multi-month downtrend up at \$22 in focus. A run higher targets \$24 and then back up to a VPOC around \$28. Longer-term, shares are well off of 2018 highs around \$33 but held multi-year trend support and forming a series of higher lows since 2014 with a bullish MACD crossover and RSI back near 50 on the weekly. The \$856M biotech trades 5.2X sales and 1.9X cash with expectations to earn over \$1.80/share in EPS by FY21. Revenue growth is expected to be 16% and 39.8% over the next two years with three approved treatments on the market and recent FDA expansion of Thiola set to ramp in the 2H. RTRX focuses on rare diseases with a number of mid- and late-stage trials ongoing PKAN, FSGS, and others. They expect Phase 3 data in PKAN in Q3. Analysts have an average target for shares of \$44.50 with 6 buy ratings. Canaccord with a \$41 PT on 7-1 noting the new Thiola expansion frees patients from planning doses around meals and its revenue stream will support earnings through 2022. Short interest has risen recently to 11% but down from as high as 19% in 2017. Hedge Fund ownership fell 5% last quarter. Scopia Capital, Consonance Capital, and Perceptive three of the top holders and concentrated positions for all. Broadfin and Ghost Tree also owners.

Hawk Vision:



Trading Strategy: RTRX looks quite cheap on a cash-basis and with solid growth expectations, clearly some risk with upcoming events but appears to have a positive reward/risk.

Confidence Ranking: \$\$