



Ionis Bull Adjusts for Long-Term View

Ticker/Price: IONS (\$69.8)

Analysis:

Ionis Pharma (IONS) with 2,025 January 2021 \$70 synthetic long spreads bought today for \$1.20, looks to be adjusting some January 2020 \$50 calls from spreads in April. IONS has seen opening sales in the January 2021 \$60 and January 2020 \$65 ITM puts recently with the October \$60 and \$80 calls bought in smaller trades. IONS still has some January 2021 \$75 and \$80 calls in OI from February/March. Shares are trading in a wide multi-month range above the 200-day MA and nearing a breakout over \$71 which measures back up to the April highs around \$85. The \$9.48B company trades 24X earnings, 11.8X sales, and 60X FCF with over \$16.50/share in cash on hand. IONS expects 15.9% and 17.3% sales growth the next two years and plenty of upside potential through their pipeline. They have Phase 3 studies in ALS and Huntington's on track for data in 2020. Tegsedi and Waylivra are both in the early stages of launch with expansion into new geographies in the 2H of 2019 set to drive 2020 growth. Analysts have an average target for shares of \$67.25 with 1 buy rating and 7 hold. Piper positive on the name which is in a 'healthy and rare financial position' given ongoing profitability, \$2.3B in cash, and nearly \$400M in "durable" annual research and development revenues that offset R&D expenses. BMO the lone bull on the name with a \$96 PT. They see a large Huntington's disease opportunity and HTT-Rx projections could prove to be conservative. Short interest is 9.4% and down from around 11% in July. Hedge Fund ownership rose 60% in Q2. Polar Capital, SquarePoint, Kepos Capital, and Tudor Investment all notable holders.

Hawk Vision:



Hawk's Perspective: IONS forming a multi-month base and does look to be a compelling fundamental play in Biotech, also giving a clear level to trade against.

Confidence Ranking: \$\$