



## Massive Put Accumulation in Ligand

Ticker/Price: LGND (\$97.60)

### Analysis:

**Ligand (LGND)** higher by 6% today with their buyback announcement but seeing another 1,100 February \$95 puts bought for \$12.30 to open and later 1,000 November \$95 puts opening for \$7.50. LGND had buyers of the February \$100 puts yesterday 2000X for \$17.80 while the \$95 puts with buyers 750X as well for \$13.20, two sizable buys. The February \$90 puts also with action. Shares have been in a notable downtrend over the last 12 months and bouncing back this week to the declining 50-MA. A return to \$85 and breakdown targets \$70. The \$1.78B biotech trades 24.75X earnings, 10.25X sales and 1.28X cash. They see 15% EPS growth and 6.8% revenue growth next year. LGND generates most of their income from royalties and contract payments rather than drug development and divested one of their largest programs, Promacta assets, in March of this year. They have a number of partner read-outs over the next four months including phase 2 data from Verona in October, Kyprolis data from Amgen in November, pivotal Phase 2 data from Cstone in December, and Phase 3 data from Novan in January. One of their biggest partners is Viking (VKTX) who is developing a NASH treatment with data due next year. In January, Citron was out short highlighting 80% risk and questioning the credibility of their major programs. Grant's Observer also out negative on 1-10 citing declining revenues in play after 2021 as many of their top programs face tougher competition, generics, and new pipeline assets are years away from commercialization. Analysts have an average target for shares of \$161. Barclays with a \$131 PT and Neutral rating for shares, the analyst focusing on LGND's ability to manage leverage and improve balance sheets. Short interest is 34.4% of the float, up sharply since late 2018. Hedge Fund ownership fell 2.85% in Q2. Acadian Asset Management and Elk Creek notable holders.

### Hawk Vision:



**Hawk's Perspective:** LGND is looking like one of the many dead-cat bounces across highly shorted low quality names, so the puts make a lot of sense into resistance.

**Confidence Ranking:** \$\$