



Bulls See Mirati Upside Move Continuing

Ticker/Price: MRTX (\$115.50)

Analysis:

Mirati Therapeutics (MRTX) with 1,000 January \$115 calls bought \$9.70 to open today and follows 5,000 May \$115 calls bought yesterday to open for more than \$8.9M, adjusting higher a trade from November that is remaining bullish. MRTX still has some June \$100 calls in OI from late November buys as well. Shares have been in a strong trend since October and held the 8-EMA today at the lows. MRTX is starting to work out of a weekly flag above \$110 that targets \$150 longer-term. The \$4.41B company trades 9.7X cash with limited debt. MRTX recently posted strong early-stage data for MRTX849, their KRAS inhibitor targeting solid tumors. The company sees the KRAS G12C+ market as a significant opportunity given the patient population in NSCLC, colorectal, and pancreatic indications. MRTX estimates the TAM at \$7B in commercial potential through the US and EU. The drug is expected to be a direct competitor to Amgen's (AMGN) AMG 510. Analysts have an average target for shares of \$107.25 with 12 buy ratings, 3 hold, and 1 sell. HCW with a \$117 PT for shares seeing peak sales potential for MRTX849 up near \$1.5B by 2027. CSFB thinks the recent data proves MRTX has a strong competitor to AMG 510 and even though it will be first to market by about six months, Mirati can still capture a significant share of the market. Short interest is 12.4% but trending lower since early 2019 when it was 17.3%. Hedge fund ownership fell 11% in Q3. Orbimed, Perceptive, and Polar Capital all notable buyers.

Hawk Vision:



Hawk's Perspective: MRTX is one of the most exciting Biotech names and option flows been nailing this one all year, so expect upside to continue to potentially be a M&A target.

Confidence Ranking: \$\$