



## Cytokinetics Calls Position for Eventful Year

**Ticker/Price:** CYTK (\$14.55)

### Analysis:

**Cytokinetics (CYTK)** on 2/28 with 5000 June \$16 calls opening for \$2.25 and also has 2500 April \$15 calls in open interest and July \$15 calls 1000X bought back on 1/8. Shares sit near 3 year highs and have held up strong while Biotech peers have sold off recently in a risk-off move, consolidating above the 2019 high that is now acting as support. The \$860M Biotech defines its mission as developing potential medicines to improve the health span of people with devastating cardiovascular and neuromuscular diseases of impaired muscle function. It has collaborations with Amgen and Astellas that are eligible for pre-commercial milestone payments of more than \$600M as well as more under sales/royalty agreements. CYTK is also well-funded with more than 24 months of cash on hand. Entresto has potential for more than \$3B in annual sales according to the head of Novartis (NVS), a new heart failure therapy, and an area CYTK is targeting with AMG-594. CYTK will have a Phase 3 interim analysis for their treatment for acute heart failure in Q1 and Needham positive in November with a \$24 PT for shares. Piper is out this morning with an Overweight rating and \$22 target noting Phase III GALACTIC-HF trial of omecamtiv mecarbil recently passed the 2nd and final interim analysis. The trial is 90% powered to detect a hazard ratio of 0.8 for time to CV death, a key secondary endpoint, with top-line data in 4Q:20. Partner Amgen is expected to complete Phase I study of novel AMG 594 in 2H:20. Cytokinetics is conducting the Phase II REDWOOD-HCM study of CK-274 in obstructive HCM patients with preliminary data in 2H:20 and will soon begin Phase I studies of follow-on cardiac myosin inhibitor CK-271. Competitor MyoKardia will report Phase III EXPLORER data on mavacamten in oHCM in 2Q:20, which has read-through to CK274. HC Wainwright sees 2020 as a transformational year with major visibility across all its programs and growing the size of its pipeline in a note saying "We Are All In" and has a \$30 target. The analyst believes Cytokinetics shares are only starting to reflect a projected positive outcome for GALACTIC, and Cytokinetic's likely development of a co-promotion plan with Amgen, in addition to \$600M milestone potential. Further, the company's CK-274 program has seen increasing investor interest. Hedge Fund ownership surged 38.75% higher in Q4 filings.

### Hawk Vision:



**Hawk's Perspective:** CYTK clearly showing relative strength though short interest at 16.6% of the float also continues to climb, a true boom or bust name for 2020.

**Confidence Ranking:** \$\$