



## Bulls Position in Incyte for Catalyst Heavy 2020

Ticker/Price: INCY (\$98.35)

### Analysis:

**Incyte (INCY)** with bullish activity on 5/20 as the December \$105 OTM calls saw buyers of more than 500 at \$8.40 to \$8.60, good sized trade and late afternoon action rose to 875X, a name with 2250 June \$100 calls in open interest from buyers as well as some smaller September and January 2021 call buys. INCY shares are forming a great looking bull wedge on the four-hour chart while the weekly moving higher out of a long base after being a laggard 2017-2019, shares +8.7% YTD. The \$20.6B Biotech currently trades 23.65X Earnings and 9.2X Sales with a solid balance sheet having \$2B in cash. INCY forecasts see double digit revenue growth continuing in 2020 and 2021. It has four current revenue generating assets and a number of key programs in development. Jakafi, its lead contributor, continues to see strong growth, while Jakavi, Iclusig and Olumiant smaller contributors. Jakafi is seeing strong demand across each of its indications being GVHD, Polycythemia Vera and Myelofibrosis. INCY sees Pemigatinib and Capmatinib as the next two revenue sources, the former with a May 30<sup>th</sup> PDUFA and the latter partnered with Novartis. INCY's deep pipelines provide a long sustainable growth outlook through 2025. INCY spoke at RBC's Healthcare Conference on 5-19 which is an informative transcript read. Analysts have an average target of \$100 and short interest at 3% of the float has risen 60% Q/Q. Cantor raised its target to \$100 this week seeing the company as defensive against COVID-19 disruptions and sees the company set up for the year with tafasitamab a potential blockbuster drug over time. INCY also received Tabrecta approval ahead of schedule with potential \$500M sales with partner NVS. On 5/6 OpCo raised its target to \$120 after results while JPM downgraded on valuation. Piper with a \$110 target expects strength in shares to continue expecting a string of near-term product approvals. Hedge Fund ownership fell 4% in Q1 filings, Baker Brothers adding to its 17.55% weighted position and #2 holding.

### Hawk Vision:



**Hawk's Perspective:** INCY checks all the boxes with solid fundamentals, strong chart, and bullish flows while also a Baker Brother's favorite, so definitely like this set up versus the 34 EMA.

**Confidence Ranking:** \$\$\$