



PTC Therapeutic Bull Adjusts Position to Capture Catalyst Delay

Ticker/Price: PTCT (\$48)

Analysis:

PTC Therapeutics (PTCT) with a large adjustment trade on 5/1 as 2500 September \$60 calls opened at \$4.66, a large position, moving out of June calls while the 1150 June \$40 short puts opened in October remain in open interest. PTCT shares pulled back last week after missing earnings expectations and closed the week retesting a recent range breakout level and also holding just above its rising 200 day moving average. PTCT cited COVID-19 having an impact and withdrew 2020 guidance while revenues rose 26.5% Y/Y it missed estimates. On 4/28 PTCT announced along with Roche that FIREFISH Part 2 study met its primary endpoint, evaluation risdiplam in infants with Type 1 spinal muscular atrophy. It will have a PDUFA on August 24th that was recently extended due to submission of additional data. It noted “We are reporting \$40.5 million in worldwide Translarna sales and \$27.5 million in U.S. Emflaza sales. In addition, we continue to see positive trends in the weeks following the first quarter.” The \$3.2B Biotech trades 10.4X Sales and has \$595M in cash on its balance sheet. Their approved portfolio includes three products (Translarna, Emflaza, and Tegsedi) and they see over \$1.5B in annual revenue given some of their potential opportunities. Analysts have an average target of \$59 on shares with short interest at 7.5% of the float rising 30% Q/Q. On 4/9 Citi upgraded shares to Buy with a \$67 target citing a survey favorable on Risdiplam in SMA and could be preferred over Spinraza for the prevalent population. Cantor out 4/8 positive on the commercial potential and has an Overweight rating with an \$85 target seeing blockbuster potential for the drug being sold by Roche and PTC receiving royalties. Hedge Fund ownership fell 3.63% in Q4 filings.

Hawk Vision:



Hawk's Perspective: PTCT pulling back to the 200 MA looks attractive, a name I have liked in Biotech with multiple commercially producing products and a pipeline for growth.

Confidence Ranking: \$\$