



Bull Spread Targets Highs for Itra-Cellular

Ticker/Price: ITCI (\$26)

Analysis:

Intra-Cellular (ITCI) big spread today bought the August \$30/\$45 call spread 6,275X12,550 for \$1.45 and sold the \$15 puts for 6,275X to open for \$1.55. Today's flows follows an interesting spread on 6/17 that bought 1,500 September \$25 calls for \$5.63 and sold the July \$30/\$18 strangle for \$3.18. ITCI has also seen buyers in the August \$19 calls and Aug. \$30 calls earlier in the year. Shares have lagged the broader biotech group this year but a lot of open space above \$25.50 and traded up as high as \$43 in December. The 200-MA is support down around \$17. The \$1.61B biotech trades 3.5X cash with no debt and short interest is around 7.5%, down from 23% in December and relatively subdued overall. ITCI has key Phase 3 upcoming from their ongoing "Study 402" for patients with depressive episodes associated with bipolar disorder is expected to have data mid-year. The trial looks at their drug lumateperone as an adjunctive therapy to lithium or valproate. Analysts have an average target for shares of \$37. Cantor positive on 6-4 noting that the company is executing well and, with time, Caplyta will become "widely recognized for its differentiated clinical profile for a broad range of schizophrenia patients." They also note that a clearly positive outcome for Study 402 and 404 will allow ITCI to file a supplemental NDA. Evercore positive on 6-18 noting they see 100% upside on positive data and 30% downside. The firm thinks that the trial design may be setup for a positive outcome with ITCI only needing to provide supportive evidence to the prior Phase 3 to get the expanded indication. Hedge fund ownership rose 16% in Q1. Samlyn Capital a buyer of more than 1.1M shares recently.

Hawk Vision:



Hawk's Perspective: ITCI is another smaller Biotech with strong momentum and positive flows, though extended near-term and could wait for a retest of the March high that should now be support.

Confidence Ranking: \$\$