



Bullish Call Buyers in Hot Biotech Neurocrine

Ticker/Price: NBIX (\$128.65)

Analysis:

Neurocrine Bio (NBIX) a top bullish options flow name on 6/19 with December \$125 calls hot in early trading with 1000 bought up to \$13.50 and by the end of the session nearly 2000 had traded along with 550 of the December \$145 far OTM calls. NBIX has previously seen 500 July \$120 synthetic long positions open, the August \$115 calls have 1300 from buys, the August \$90 calls with 825X from buys, and November \$140 calls with 1,165 in open interest from a large buyer in late May. NBIX was a top bull wedge set-up into last week and broke out, now approaching a move through its 2018 highs to a new high. The current pattern measures to a \$155 target. The \$11.8B Biotech is focused on treatments in the neurological space, its lead product INGREZZA has driven growth as a treatment for tardive dyskinesia which impacts 500,000 in the US and estimates that 80% of TD patients are undiagnosed. NBIX is also preparing for the commercial launch of Opicapone in 2H20 and advancing the CAH development programs while also reviewing its gene therapy program for Parkinson's and Friedreich's Ataxia. NBIX has grown revenues 179% and 74.6% the last two years with 35.6% growth seen in 2020 and 27.5% in 2021. It currently trades 10.6X EV/Sales. NBIX recently had two more approval with ONGENTYS and ORIAHNN, partnered with AbbVie, bringing it to a total of four approvals in three years. NBIX also sees potential for INGREZZA in Huntington's Disease. ONGENTYS is going to optimize the gold standard of treatment for Parkinson's disease. Analysts have an average target of \$127.50 and short interest is at 5.2% of the float. JP Morgan raised its target to \$134 last week and Overweight rated noting its physician survey supports the potential of Ingrezza. RBC raised its target to \$135 updating valuation after a string of favorable pipeline events including a collaboration with Takeda on psychiatric disorder therapies and a likely return to growth for Ingrezza. Neurocrine (NBIX) paid \$120M upfront with up to \$1.9B in milestones plus royalties to expand into psychiatry with three mid-stage clinical assets and four undisclosed preclinical assets. Wedbush on 6/9 started shares Outperform with a \$147 target as the company stands out with a portfolio of assets spanning modalities and disease areas. Hedge Fund ownership rose 4.27% in Q1 filings, Perceptive Advisors a top holder along with other top Biotech investors like Healthcor and Orbimed.

Hawk Vision:



Hawk's Perspective: NBIX was a bullish technical pattern that triggered earlier in the week and also a top Biotech pick for 2020, a great commercial success story and strong pipeline in a great Neuro space, continues to be a top own.

Confidence Ranking: \$\$