



## Unusual Call Buy in Strong Biotech Set-Up in UltraGenynx

**Ticker/Price:** RARE (\$71.40)

### Analysis:

**Ultragenyx (RARE)** buyers of more than 675 August \$70 calls today with action early around \$9.00 and now around \$11.50. RARE infrequently sees options flow but does have some smaller, high-dollar trades in the June \$75 calls, Aug. \$50 calls, and Aug. \$65 calls. RARE shares trading in a nice bull flag under \$75 after rebounding from the March lows to new 1-year highs. A move higher targets \$90 but clearing the big weekly base that stretches back to 2016 could trigger a big move to \$120+. The \$4.17B biotech trades 6.28X cash with little debt and a growing revenue base that is expected to move from \$175M in FY20 to \$415M in FY22. RARE focuses on rare and ultra-rare genetic diseases through biologics, enzyme replacement, and an emerging early-stage gene therapy program. The latter recently had positive data in Glycogen Storage Disease and in May another gene therapy program of theirs in OTC deficiency showed positive results with a Phase 3 expected to start early next year. In early April they reached a deal with Daiichi Sankyo to out-license their gene therapy manufacturing processes for \$125M upfront and a \$75M equity stake. Analysts have an average target for shares of \$77 with 11 buy rating and 2 holds. Stifel with a \$82 PT on 5-18 noting that recent data has led them to increase their odds of success for DTX401. Piper positive on the data as well noting that they keep making incremental positive steps in the program even at higher dosages. Short interest is 12.6% and basically unchanged since October 2016. Hedge fund ownership rose 3.75% in Q1. First Light Asset Management, Ecor1, and Alkeon notable holders. In September 2019, the CEO bought \$218,150 in stock at \$43.63. RARE has upcoming catalysts on 6/18 with a PDUFA for burosumab for the treatment of TIO and then a PDUFA in July for UX007. RARE may also fit the mold of an ideal M&A candidate for **Sanofi (SNY)** who recently raised cash with their Regeneron (REGN) sale and seeing investments in faster-growing areas such as gene therapy.

### Hawk Vision:



**Hawk's Perspective:** RARE definitely looks intriguing for a speculative Biotech own, respect the price action and the options flow in this one.

**Confidence Ranking:** \$\$