



FEATURED OPTIONS RADAR REPORT



Bulls See Value in Ionis Weakness

Ticker/Price: IONS (\$47.80)

Analysis:

Ionis (IONS) with 725 April \$45 puts sold to open today \$5.30 after 2500 April \$55 calls opened this week. IONS also has some underwater bull synthetic long positions in open interest at January 2022 \$50 strike and January 2021 \$70 strike. IONS shares have lagged the market and in a clear downtrend though back near four year trend support with a recent bounce at the \$45 level. The \$5B Biotech trades 5.3X Sales and 29.2X FCF with a lot of cash (over \$2.5B) and revenues seen recover 15% in 2021 after 87% growth in 2019 was followed by an expected 36.5% decline this year. SPINRAZA continues to see strong growth US adult patient populations and plenty of opportunity left to expand into emerging markets. TEGSEDI is also starting to see strong growth in the US and launching in more EU countries this summer should be a boost into the 2H. IONS has one of the deepest pipelines within the mid-cap bio space with ten different NDAs on track for the next five years and more than sixteen programs in development across Huntington's, Hep B, hATTR polyneuropathy, FCS, hereditary angioedema and more. IONS has 6 Phase 3 studies by the end of 2020 with data expected through 2024. IONS's antisense technology works on all types of RNA, through many mechanisms, via various routes and broadly throughout the body. One overhang has been concerns of Spinrazza competition so pipeline developments are important. IONS PKK-L is being investigated in a COVID-19 study. Analysts have an average target of \$68 with short interest at 6% of the float. Citi lowered its target to \$74 recently but noted "Ionis's antisense drug development platform is the best in the industry and is "very likely" to continue to advance a growing number of agents through development over the next 12 months." Hedge Fund ownership fell 11% in Q2 filings.

Hawk Vision:



Hawk's Perspective: IONS has traded poorly for months but seeing increased interest down near \$45 and clearly some value here with potential major pipeline upside. The upside calls are speculative but could pay off in a big way.

Confidence Ranking: \$\$