



Call Buyers See Positive Data Coming from Arvinas

Ticker/Price: ARVN (\$50)

Analysis:

Arvinas (ARVN) shares in a narrow consolidation in 2020 and today unusual 1500 July \$60 calls opening with early lots at \$8.60 but the largest paying \$10.50, 30 day IV up 12%. ARVN shares made a big move October to January and now looking for a continuation breakout. The \$4B Biotech is involved in therapies for degrade disease-causing proteins, lead product ARV-100 targeting the androgen receptor (AR) protein for the treatment of men with metastatic castration-resistant prostate cancer. ARVN is clinical stage and trades 20X Cash. It has partnerships with Pfizer, Genentech, and Bayer with up to \$2.1B in potential milestones plus tiered royalties. Analysts have an average target near \$50 and short interest relatively low at 7% of the float. HC Wainwright out with a Buy rating and \$50 target back on 12/19, noting "The tremendous potential of protein degradation as a novel therapeutic approach has led to the emergence of a plethora of companies in the space. We highlight Arvinas as a true platform play with the most advanced clinical programs. BMO raised its target to \$62 and sees a positive read-through into Arvinas's Phase1 prostate cancer trial evaluating ARV-110 ahead of its expected efficacy results in Q2. Wedbush raised its target to \$60, Arvinas will present initial efficacy data for lead PROTAC ARV-110 in 1H20, sees a high chance of success given compelling preclinical data showing anti-tumor activity of ARV-110 in a number of PC models that are insensitive or resistant to second generation AR antagonists, as well as the highly selective and potent nature of AR degradation. Additionally, Arvinas will present initial efficacy data for second PROTAC ARV-471 in 2H20, expects to be meaningful given dosing was reported to already be in potentially therapeutic range in 4Q19. Hedge Fund ownership jumped 55% in the latest quarterly filings, RA Capital adding to a large position.

Hawk Vision:



Hawk's Perspective: ARVN is clearly speculative but showing good price action, subdued short interest and a size call buy into data, a potential next big winner in Biotech.

Confidence Ranking: \$\$