



Bulls Active in Aurinia as Excitement Builds for Commercial Opportunity

Ticker/Price: AUPH (\$19)

Analysis:

Aurinia Pharmaceutical (AUPH) with unusual activity all week with deep ITM calls being bought including the January \$7 and \$10 calls and February \$14 calls. AUPH also has more than 2,500 April \$20 and 4,350 April \$25 OTM calls in open interest from buyers and saw opening put sales at April \$15 and \$14 on 1/23. AUPH shares surged higher in December after its AURORA phase 3 trial met the primary endpoint and expects to submit a marketing application to the FDA in 1H20, and would be the first approved drug in lupus nephritis. Shares have recently pulled in off highs to the 34 day moving average and a 38.2% retracement of its gap. The \$2B Biotech is expecting Voclosporin to be ready for commercial launch in 1H21. It also has VOS in Phase 2 studies for dry eye syndrome with Phase 2/3 results expected Q42020 and FSGS interim results expected 2H2020. Analysts have an average target at \$25 and short interest at 7% of the float has come down sharply since the data was announced. On 12/16 HC Wainwright raised its target to \$32 expecting Voclosporin to become the new standard of care in the US market. Jefferies started coverage at Buy on 1/10 with a \$27 target seeing potential in other indications now derisked and had an upside scenario of \$46. Deal-Reporter was out with a flash note in early January noting AUPH is now a likely M&A target in the rare disease space. AUPH sold 11.1M shares in a secondary at \$15 back in December. Cantor Fitzgerald has a \$30 target seeing peak sales in lupus nephritis as high as \$2B. Hedge Fund ownership jumped 12.5% in Q3 filings, though no major notable top holders.

Hawk Vision:



Hawk's Perspective: AUPH feels like an obvious M&A target and the upside positioning in April may indicate it could happen sooner than later. Shares need to get back over 20 so the short term MA can curl upwards, but a very attractive commercial launch story over the next couple years with approval highly likely.

Confidence Ranking: \$\$