



## Option Traders Position for Immunomedic Upside on Data, Approval, Launch

Ticker/Price: IMMU (\$18.38)

### Analysis:

**Immunomedics (IMMU)** January \$20 calls open interest jumped to 6,655 as 2,500 bought aggressively at the \$4.20 offer on 2/18, the most notable open interest in the name but also 1700 August \$22 puts sold to open for \$6.90 back in November. IMMU shares have pulled back right to a 38.2% Fibonacci retracement of the October/December rally with the rising 89 day MA looking to once again act as support. The \$3.92B Biotech forecasts see revenues jumping the next two years and shares currently trade 10.6X Cash and around 7X FY21 projected sales. IMMU has transformed over the past few years with a unique ADX platform and has multiple Phase 3 studies with large opportunities while developing multiple global partnerships. The Sacituzumab Govitecan program is seen aggressing multiple unmet needs in cancers and seen to become a recognized leader in TNBC. Analysts have an average target of \$27 on shares and short interest at 14.2% of the float has been declining the last few months. Piper out positive in November raising its target to \$25, coming away after meetings with management more confident on Q2 approval after IMMU overhauled manufacturing following a CRL, and sees a Q3 US launch probable. Topline ASCENT data is also expected in mid-2020. IMMU reiterated that they believe their current cash balance of \$370M is sufficient through 2020 and that this doesn't take into account milestones from Everest (\$60M at US approval) and potential revenue from a US approval. On 12/27 HC Wainwright raised its target to \$31, after the FDA accepted the company's Biologics License Application for sacituzumab govitecan in third-line plus metastatic triplenegative breast cancer for review. While there is the possibility that the FDA could wait for the ASCENT trial data, which is expected in mid-2020, before making a final decision to approve the drug, sacituzumab should potentially reach the market in early Q3 of 2020. Hedge Fund ownership fell 5.7% in the latest quarterly filings, Palo Alto Investors exiting a stake and Deerfield reducing, while Boxer Capital added to a large concentrated position as its second largest holding and Partner Fund took a new stake.

### Hawk Vision:



**Hawk's Perspective:** IMMU has an eventful 2020 ahead and positioning is bullish while the chart sets up nicely as well. It comes with a fair amount of risk, but positioning with calendar spreads such as May/January \$20 is a good strategy to consider.

**Confidence Ranking:** \$\$