



FEATURED OPTIONS RADAR REPORT



Size Put Sale Confident in Incyte Value

Ticker/Price: INCY (\$85.85)

Analysis:

Incyte (INCY) sizable bullish trade on 1/5 sold 3000 January 2022 \$90 puts to open for \$17.30 with shares at \$86 for over \$5M credit willing to be long the stock at a \$82.70 basis but expecting shares to close above \$90 a year from now. INCY lacks any other real notable open interest, the March \$85 calls 500X bought in September remain in OI. INCY has been a laggard in Biotech with shares making little progress the last three years, and the weekly pulling back in orderly fashion since July highs and currently basing above the prior base breakout with a lot of price support in this \$80-\$85 zone. INCY will present at the JPM Conference on 1-11. INCY has four current revenue generating assets and a number of key programs in development. Jakafi, its lead contributor, continues to see strong growth, while Jakavi, Iclusig and Olumiant smaller contributors. Jakafi is seeing strong demand across each of its indications being GVHD, Polycythemia Vera and Myelofibrosis. INCY's deep pipelines provide a long sustainable growth outlook through 2025. INCY sees big potential for its dermatology franchise and is anticipating priority review that will lead to potentially an approval by midyear 2021 in eczema, followed by a submission of an sNDA for vitiligo. The Jakafi franchise is annualizing \$1.9B in US revenues expected to hit \$3.2B in 2026. The \$18.75B Biotech trades 23.3X Earnings and 7.6X Sales with revenues seen rising 12% in 2021 with a long history of growth, revenues expected at \$2.55B in 2020, up from \$1.11B in 2016. Analysts have an average target of \$105 and short interest has been trending downward to just 2% of the float. Guggenheim upgraded shares to Buy this week. BAML has a \$110 target and is awaiting key LIMBER data. Hedge Fund ownership was flat in Q3 filings but Baker Brothers is a notable top holder as their 3rd largest position.

Hawk Vision:



Hawk's Perspective: INCY has solid growth with a great pipeline and remains unloved but I think there is plenty of value and even potential of it being a large M&A target by big Pharma. I would like to see some call buying in the name, but for now this an indication that selling puts or owning the stock is a solid move here.

Confidence Ranking: \$\$