



FEATURED OPTIONS RADAR REPORT



Bullish Skewed Trades Reflect Potential Takeout Value in Depressed Biotech

Ticker/Price: NBIX (\$72.45)

Neurocrine (NBIX) is seeing some interesting bullish positioning and already has some notable positions in open interest. NBIX has 1000 February \$100 short puts in OI from trades back in August that are currently underwater and also has seen 1500 each of the February \$85 and \$95 calls bought since 1/13. In the May expiration a trade on 1/13 sold 1000 of the \$70 puts to buy 1000 of the \$90/\$110 call spreads which now have more than 1600 in OI and 1000 May \$85 calls bought to open 1/25 as well. NBIX also still has 1100 August \$100 short puts in OI from a trade on 12/29. NBIX shares are -11.35% YTD and are at a level that held as support in 2019 and 2020. NBIX is also at a longer-term 50% retracement level and just above VWAP from January 2014 which acted as support in 2016 and 2017. NBIX is dedicated to discovering, developing and delivering life-changing treatments for people with serious, challenging and under-addressed neurological, endocrine and psychiatric disorders. Its portfolio includes FDA, approved treatments for tardive dyskinesia, Parkinson's disease, endometriosis, uterine fibroids and clinical programs in multiple therapeutic areas. NBIX has faced some weakness related to the pandemic creating bumpiness in sales with many clinical practices closed. Revenues could reaccelerate with the company's DTC efforts underway and the resumption of practices reopening. NBIX has a market cap of \$6.95B and is trading 25X Earnings, 21.5X FCF and 9.1X Cash with no debt and revenue growth seen accelerating to 21.7% in 2022 with 57% EBITDA growth, a potentially attractive takeover target. NBIX has thirteen mid to late stage programs. Milestones slated for 2022 include a sNDA filing for Valbenazine in Huntington Disease, Phase 2 data for NBI-827104 in CSWS and in Essential Tremor, and initiating new studies in ATS & Schizophrenia. Multiple readouts are expected in 2023 across neurological, endocrine, and psychiatric disorders. Analysts have an average target of \$118 with short interest low at 3.2% of the float. RBC cut shares to Perform with a \$90 target on 1/18 noting that while weakness is overdone and the long-term opportunity for Ingrezza remains intact, 2022 is more of an investment year lacking upside catalysts. STAT had an interesting report in December on how Biogen had plans to acquire NBIX back in 2019 but a deal did not come to fruition. BIIB will report 2-3 and NBIX on 2-11.

Hawk Vision:



Hawk's Perspective: NBIX is ugly on the chart but near that short put strike of \$70 and the reward/risk on valuation as well as takeover potential is making this a compelling name.

Confidence Ranking: \$\$