



FEATURED OPTIONS RADAR REPORT



Bulls Position for Key Q4 Neurological Data in Struggling Biotech

Ticker/Price: NBIX (\$93.1)

Analysis:

Neurocrine Bio (NBIX) seeing bullish activity the last few sessions and on 8/23 the October \$100 calls bought to open 2500X for more than \$850K after seeing some opening sellers of 750 February \$100 puts, 500 September \$95 puts, and has 300 November \$100 synthetic long positions from 6/18 as well as 1500 OTM November \$115 calls bought in OI. NBIX shares are -19% over the past year and -4.25% YTD lagging after facing tough comps lapping a strong product launch cycle. Shares keep closing on the monthly above the VWAP from the August 2017 key flag breakout while \$99 and \$105 key upside levels for shares to break higher. 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. Its lead product INGREZZA is currently in Phase 3 for Chorea in Huntington Disease with a likely readout catalyst in early November while Valbenazine also has multiple Phase 3 readouts later this year. NBIX has faced some weakness related to the pandemic creating bumpiness in sales with many clinical practices not yet reopened and more telemedicine being used. Revenues could reaccelerate with the company's DTC efforts underway and the resumption of practices reopening. NBIX has a market cap of \$8.5B and trades just 23.6X Earnings, 8.2X Sales and 34.1X FCF with a strong cash balance and little debt, a name that could make an attractive takeover target. Crinicerfont clinical development continues in the separate pediatric and adult indications though the next meaningful data readout will not come until 2023. Analysts have an average target of \$120 with short interest low at 4.3% of the float. Canaccord cut shares to Hold earlier this month with a lowered \$108 target waiting for new catalysts to put money to work in the name. OpCo has a \$140 target and looks forward to top-line Phase 3 results in chorea of Huntington's Disease in Q4. Hedge Fund ownership jumped 6% last quarter, DSM Capital has a 1.4% weighting.

Hawk Vision:



Hawk's Perspective: NBIX has bounced nicely off recent lows but still see a strong reward/risk at these levels and see its challenges as transitory, a name that has a long proven history of success in neurological drugs.

Confidence Ranking: \$\$