



## Large Opening Put Sale Shows Confidence in Long Term Portola Health

**Ticker/Price:** PTLA (\$24.40)

### Analysis:

**Portola (PTLA)** opening seller of 1,500 Jan. 2020 \$25 puts for \$6.20 today. PTLA had 1,750 February \$22.50 calls bought on 1/7 and the March \$30 calls with over 8,000 in open interest. The ITM March \$15 calls also bought over 650X recently. Shares are working out of an eight-week base under \$23 and back above daily cloud support for the first time since July. The 200-day EMA is above at \$28. PTLA traded as high as \$65 in late 2017 and work to do to get out the downtrend but upside to the high-volume node at \$37.50/\$40. The \$1.6B biotech trades 4.33X cash and 46X sales. PTLA has some key emerging products which are expected to help sales jump to \$265M by FY20 from \$36M in FY18. On 12/31, the FDA approved the company's supplement for its generation 2 process for Andexxa, they lead product. The product is used a reversal of anticoagulation is needed due to life-threatening, uncontrolled bleeding and has case uses across a number of emergency services. Analysts have an average target for shares of \$35 with 4 buy ratings and 2 hold ratings. William Blair out positive on 1/2 seeing a blockbuster opportunity and the company on track to significantly broaden the launch of Andexxa in 2019. They see upside from usage in emergency surgery and acute major bleeding cases. Jefferies positive in December expecting a solid launch on the commercial side as physician awareness and demand for the product is relatively high already. They think the uptake in 1H could be above expectations while EU sales are expected in the 2H. Citi has a \$49 target for shares In October they noted that Andexxa will be a critical, lifesaving emergency therapy and can be a \$1B drug in the US alone. Short interest is high, 24% of the float and up from around 6% in early 2018. Institutional ownership rose 63% last quarter. Cadian, Jackson Square, Pointstate, Deerfield and Highland Capital all notable buyers.

### Hawk Vision:



**Trading Strategy:** PTLA fit the mold of Biotechs that perform well, a product launch cycle, though this strategy of selling longer dated ITM puts is quite risky, it gives us confidence to target the name into a pullback and better set-up.

**Confidence Ranking:** \$\$