



## Strategy Sees Upside this Summer for Spark Therapeutics

**Ticker/Price:** ONCE (\$51)

### Analysis:

**Spark Therapeutic (ONCE)** with 1,500 April/June \$50 call calendar spreads opening \$4.30 and some activity last week with June \$60 calls bought 625X versus a sale of 300 June \$50 puts. ONCE shares rounded out a nice weekly base in Q4 2018 and have pushed higher in 2019 moving up to a key VPOC near \$54.50. The \$1.85B gene therapy Biotech is in a strong topline growth phase with 436% increase in sales in 2018 and 65% seen for 2019 and 2020, while profitability remains far away. ONCE also has over \$600M in cash and equivalents, well-funded. ONCE has initiated Phase 3 studies in Hemophilia A and additional Phase 1/2 data expected mid-year as a key catalyst. It also has two programs clinical ready for 2019 with IND/CTA filings expected in Q2. Analysts have an average target of \$60 on shares and short interest remains elevated at 14% of the float. ONCE's key approved product is Luxturna, a one-time gene therapy for inherited retinal disease. ONCE has doubled its sales force and is seeing strong trends for reimbursement. ONCE is also advancing an early stage pipeline that could attract investor interest while the potential to be a M&A target remains fairly high. Barclays out yesterday with a \$74 target and Cowen at \$80. Cantor Fitzgerald also with an \$80 target expecting 2019 Luxturna sales to double. Guggenheim noted in October it is a name that could attract strategic M&A interest. Hedge Fund ownership rose 7% in Q4 filings with Partner Fund adding 1.323M shares and Baker Brothers starting a new position.

### Hawk Vision:



**Trading Strategy:** ONCE has been catching my eye and an interesting strategy seeing very little upside in the near-term, so one I think we can wait on and target the June calls on a pullback.

**Confidence Ranking:** \$\$