



Bullish Positioning in PTC Therapeutics as Biotech Strength Persists

Ticker/Price: PTCT (\$51.45)

Analysis:

PTC Therapeutics (PTCT) buyers yesterday of 3,000 January \$51 calls for \$1.40 and a sale of the February \$45 puts for \$1.05, bullish spread looking for upside into the JP Morgan Healthcare conference on 1/13. PTCT has seen a lot of bull flow lately including buyers in the March \$47/\$42 bull risk reversal. Shares broke out of a bull flag yesterday that measures out to \$55 but long-term the range breakout has room up to \$75. The \$3.07B biotech trades 10.3X sales and 4.3X cash with a relatively small short float at 5.4% and down from around 9% in November. Their main pipeline product is risdiplam which is being looked at in SMA, a genetic disorder caused by the mutation or deletion of the survival of motor neuron gene. Their approved portfolio includes three products (Translarna, Emflaza, and Tegsedi) and they see over \$1.5B in annual revenue given some of their potential opportunities. Notable hedge fund owners are Luminus, Farallon Capital, Armistice Capital, and Kingdon Capital. Analysts have an average target for shares of \$57. RBC with a \$58 PT and confident about the profile and market opportunity of risdiplam, the continued progress in its lead gene therapy program GT- AADC, and the early development stage signs within its Huntington's program. Sun Trust has a \$78 PT and they think that PTCT can "move a lot" if the company's launches go better than expected, noting that with two marketed products, 4 new launches in the next 12 months, and the possibility to break even in the next 2-3 years, investors are only missing leverage to get behind the name.

Hawk Vision:



Hawk's Perspective: PTCT has quietly been a great performer and option flows have loved the name for years now, so continue to like it after triggering out of its bull flag yesterday.

Confidence Ranking: \$\$