



Size Call Buyer in Fibro-Gen as Shares Recover

Ticker/Price: FGEN (\$44)

Analysis:

Fibro-Gen (FGEN) with 2,500 November \$50 calls bought today to open for \$5.10 as shares continue to rebound off of recent lows. FGEN had some December \$45 ITM put sales yesterday around \$7 and recent buyers in the September \$50 calls as well around \$7.80. The only notable put positions in the name are set to expire this week. Shares have been weak in 2019 after trading up to \$61 in February but rebounding off of long-term channel support around \$35. Shares have room back up to \$55+ and continuation of the three-year trend higher as MACD and RSI on the weekly move off of oversold levels. The \$3.86B company trades 18.8X sales and 6.8X cash and about to enter the early stages of commercialization for their lead asset Roxadustat as a treatment for CKD. The company posted positive Phase 3 data late last year and in May pooled safety data continued to show overall non-inferiority and a positive benefit. The company expects to file an NDA in September/October. Analysts have an average target for shares of \$63 with 5 buy ratings and 2 hold. Jefferies positive on 5-10 defending shares and noting that Roxa continues to be clearly better than Epo and fear around their comments about initiating discussions with the FDA are overblown. The firm thinks the MACE data was a clear de-risking event which removes a major overhang because we now know that Roxa is not only safe but its risk/benefit is positive. The firm was out on 6-10 noting they expect more communication on an FDA agreement soon, a potential catalyst. Hedge Fund ownership dropped last quarter by 20% but BlueMountain Capital and Farallon two notable holders. Short interest is 5.2% and up from around 3% in late 2018.

Hawk Vision:



Trading Strategy: FGEN was a top Biotech pick into 2019 and the recent set-back put shares back near opening priced for the year and appears to have been another opportunity. It has some catalysts coming as well as commercialization starting, a powerful combo for Biotechs.

Confidence Ranking: \$\$