



BioHaven Bullish Positioning after M&A Potential Questioned

Ticker/Price: BHVN (\$45.25)

Analysis:

Biohaven (BHVN) today seeing 2000 August \$40 puts sold to open for \$1.80 to \$1.75 and name which has over 8,750 January \$50 calls bought over the last month, some spread with the \$60 calls and some with the \$80 calls, as shares consolidate the recent gap lower. The December \$50 calls also seeing buyers on 7-8 while the August \$50 calls with 2,400 bought on 6-27. Shares gapped down over 20% in late June after a \$300M offering took a lot by surprise but held the 2018 range breakout and big volume shelf at \$41.50. A move above \$46 puts shares into the gap which measures back around \$55. The \$2.26B biotech trades 10.4X cash with limited debt with expectations for over \$305M in revenues in 2021 as they enter a commercial launch for rimegepant. The company reported positive Phase 3 data for the treatment of acute migraine recently with readouts published in the NEJM and The Lancet last week. They submitted an NDA with commercial launch expected next year. BHVN is also working on critical Phase 3 trial in preventative migraine which is due in Q4. Analysts have an average target for shares of \$72.50 with 9 buy ratings and 2 hold. Piper positive on 7-1 noting that the concerns hanging over the stock about the filing have been put to rest and the focus can now turn to the launch, a notable positive. Canaccord positive on 6-25 noting that recent events (M&A spec, the offering) have shaken some investors but company has a long pipeline of positive catalysts ahead. They have an \$89 PT. Short interest is 9.2% and up from around 6.5% in January. Hedge Fund ownership fell 1.85%. Kingdon Capital, Samlyn Capital, and Rubric Capital all notable holders. BHVN saw a number of insiders buy stock on 6-26 with the offering weakness. Four different people bought over \$800k in shares between \$40.22 and \$42.30.

Hawk Vision:



Hawk's Perspective: BHVN and QURE two Biotechs with exploring sale catalysts seen and though prefer QURE there also is likely opportunity in BHVN. It clearly has some value in the range insiders bought and now with these put sales showing \$40 as attractive, the risk/reward has been skewed positively now.

Confidence Ranking: \$\$