



Adjustment in BioHaven Sees Upside for Biotech

Ticker/Price: BHVN (\$51.35)

Analysis:

Biohaven (BHVN) with 5,000 January \$55 calls bought for \$5.90 today, adjusting higher some Dec. \$50 calls, and name that has over 10,000 January \$50 calls in OI from buyers. BHVN also saw a number of insider buys into the June weakness with six different individuals buying over \$1M cumulatively. Shares are back at a gap from June that measures back to \$65. BHVN has a busy Q4 upcoming including Phase 2/3 trials of their intranasal CGRP therapy and Phase 3 readout from their migraine study from rimegepant. The company sees rimegepant becoming the standard of care for the more than 36M people with migraines in the US. In September, the company announced an accelerated timeline for the drug with the FDA not intending to hold an Adcom. The \$2.56B biotech trades 6.15X cash. Analysts have an average target for shares of \$75 with 8 buy ratings and 2 hold. Cantor raising their PT to \$92 on 10-28 as BHVN has a "better-than-even possibility" of being well prepared to launch rimegepant by establishing a commercially viable field force, possibly by the end of Q1 of 2020, and to having a "best-in-class" migraine drug. They feel rimegepant has the potential to disrupt the migraine treatment paradigm and open the door for oral anti-CGRP-based therapy to become the standard of care across the continuum in both acute and preventative settings. Short interest is 13% and multi-year highs. Hedge fund ownership rose 4% in Q3. Armistice Capital, Ghost Tree, and Kingdon Capital notable buyers.

Hawk Vision:



Hawk's Perspective: BHVN is clearly an event play and can be boom or bust, a bullish signal with the flows and inverted IV Skew though rising short interest a concern.

Confidence Ranking: \$\$