



Momenta Unusual Open Interest

Ticker/Price: MNTA \$30.97

Analysis:

Momenta Pharmaceuticals (MNTA) setting up well with 6,200 June \$35 calls in open interest pricing right around where buyers opened in late January for \$3.10 to \$3.80 and then another 1,500 bought \$3.50 on 2/28. MNTA has no other open interest of note. Shares have held up well (slightly better than XBI since the March lows) and consolidating just below a multi-month breakout at the 2018 high of \$34. The \$3.47B biotech focuses on novel therapies for patients with rare diseases. MNTA has a pair of legacy generics in product that support their pipeline, one for Copaxone and the other an Eylea candidate) and \$540M in cash. They have three drug candidates in development with the near-term focus on M254, a hypersialylated immunoglobulin G or IgG. M254 is looking to replace intravenous IG or IVIg for the treatment of inflammatory disorders as MNTA think it is more potent and thus a better option. In early trials, M254 has shown to be 10X of conventional IVIg. They think it has potential to be a \$6B product across neurological and other autoimmune disorders. The other notable catalysts for MNTA include late-stage trials for M281, anti-FcRn antibody for the treatment of autoimmune hemolytic anemia, hemolytic disease of fetus and newborn, and myasthenia gravis (MG). The first two indications won't have data until 2021, pushed back due to COVID-19, but Phase 2 data in MG is expected in Q3. Myasthenia gravis is a neuromuscular disease which is characterized by rapid weakness and a breakdown in communication for the muscles. Commercialization for all three is expected between 2022 and 2023. Short interest in MNTA is 3.1%, near multi-year lows, while hedge fund ownership jumped 25.5% in Q4 with a big lineup of holders including Redmile, Farallon, RA Capital, Point72, Perceptive Advisors, Ghost Tree, and Peregrine Capital. Analysts have an average target for shares of \$37.25. Piper positive in February seeing M254 as a potential game-changer. They believe the ITP market could be greater than \$2B. HCW has a \$38 PT for shares. They think M254 has potential to become a mainstay of therapy for a range of autoimmune diseases and is increasingly confident that it can capture "significant share" of the existing IVIg market.

Hawk Vision:



Hawk's Perspective: MNTA is a very interesting story and positioning into the name longer-term is attractive given the potential for M254 which I feel opens up to M&A, maybe from partner CSL Behring.

Confidence Ranking: \$\$