



Biohaven Bull Sees More Upside with Emerging Migraine Drug

Ticker/Price: BHVN \$47.90

Analysis:

BioHaven (BHVN) buyer of the October \$55 calls, 1500X for \$6.70 as the July \$45 calls adjust and a lot of bullish open interest in across the May, July, and January options. BHVN shares are flagging above the 200-MA after a strong run back to the Feb/March highs with a move above \$50 targeting a run to \$56 and the big volume node from December. Longer-term, BHVN is set to clear a downtrend from the April 2019 highs. The \$2.94B company trades 9.2X cash with limited near-term debt maturities. BHVN expects to see a strong ramp in revenues as they are in the early commercial stage for Rimegepant, their migraine treatment, with \$38M in FY20 and up to \$500M by FY22. Rimegepant has shown positive safety and efficacy in both acute and preventive cases of migraine and the only oral solution for the latter where IV is the current SoC. Migraine has a significant market opportunity with 15% of the US population impacted and most during their peak employment years. Analysts have an average target for shares of \$66.75 with 10 buy and 3 hold ratings. Cowen starting at Outperform on 4-17 based solely on the likelihood of Nurtec's success and ultimately \$1B in sales and thinks the drug will differentiate given its likely prevention label. Canaccord positive on 3-31 noting that their migraine franchise could fit well within a larger biopharma if M&A picks up. Short interest is 17.6% and rising in a cautious signal. Hedge fund ownership fell 10% in Q4. Polar Capital, Point72, and Broadfin all buyers of stock and calls. BHVN had a number of insider buys in mid-2019 between \$40.50 and \$43 including a \$400,000K buy from a director at \$40.37.

Hawk Vision:



Hawk's Perspective: BHVN has always been a tricky one for me given the high short float and early commercial names can be tough, but upside is strong given their broader label and potential to be a disruptor in the space

Confidence Ranking: \$\$