



FEATURED OPTIONS RADAR REPORT



Albireo Options Hot into Key Catalyst

Ticker/Price: ALBO (\$29)

Analysis:

Albireo (ALBO) large buy 3000 September \$40 calls \$5.75 as well as 3000 Sep. \$12.50 puts \$1.05, which together a strong bull bias. ALBO previously has seen 1000 October \$30 calls open back in February that remain in open interest. ALBO also has 2000 September \$20 puts bought in open interest. ALBO shares peaked in 2019 at familiar resistance of \$37.50 and in March 2020 hit a low near \$12 before moving higher, currently stuck in a \$25/\$30 trading range. The \$405M Biotech is focused on the development and commercialization of novel bile acid modulators to treat orphan pediatric liver diseases and other liver or gastrointestinal, or GI, diseases and disorders. Its lead product candidate, odevixibat, initial target is progressive familial intrahepatic cholestasis, or PFIC, a rare, life-threatening genetic disorder affecting young children for which there is currently no approved drug treatment. ALBO is also pursuing the development of odevixibat in biliary atresia and in Alagille syndrome, or ALGS, each of which is a rare, life threatening disease that affects the liver and for which there is no approved pharmacologic treatment option. ALBO also has elobixibat, which is approved in Japan for the treatment of chronic constipation and for which it has initiated a Phase 2 clinical trial as a treatment for nonalcoholic fatty liver disease, or NAFLD, and nonalcoholic steatohepatitis, or NASH. ALBO September options are pricing in a move of around 55% with key data expected, likely at EASL at the end of August. ALBO is not making much in terms of revenues but is well funded and trades 2.7X cash value and noted its balance sheet supports it through 2022. Odevixibat for progressive familial intrahepatic cholestasis or PFIC Phase 3 trial results are expected by September and sees commercial launch potential by 2H21. Analysts have an average target of \$50 and short interest at 4.8% of the float is very low for a speculative Biotech. HC Wainwright with a reduced \$50 target this week seeing odevixibat for PFIC as 63% of the value with estimated \$533M peak sales in 2031. RW Baird in June with a \$52 target seeing odevixibat poised to become the first drug approved for PFIC and sees potential for \$1B or more in peak sales. Hedge Fund ownership fell 8% in Q2 filings, Perceptive Advisors the top holder.

Hawk Vision:



Hawk's Perspective: ALBO is going to make a big move on data and that bet today was skewed strongly positive. I see upside to \$60 and downside closer to \$10 so the September \$30 straddle for \$17.50 does look a bit underpriced. IV Skew is sharply inverted making vertical call spreads attractive as a bullish bet, so September \$35/\$40 at \$2.50 not a bad idea.

Confidence Ranking: \$\$