



Speculative Biotech ADMA Attracts Call Buy

Ticker/Price: ADMA (\$4.59)

Analysis:

ADMA Bio (ADMA) unusual opening of 1000 August \$2.5 ITM calls \$2.35 to \$2.45 and a name with some notable open interest at February and May \$2.50 strikes for nearly 5000 combined. The \$255M Biopharmaceutical develops specialty plasma-derived biologics for the treatment of immune deficiencies and infectious diseases, its lead product RI-002 for treatment of immune deficiency disease. ADMA is trading 8.5X sales and 5.3X cash but does have plenty of debt. Revenues have showed strong accelerating growth the last two quarters and seen continuing with an overall 52.5% growth number for FY19 and 89% growth seen in FY20. ADMA just raised Q4 guidance on 1-9 well above the Street view and also outlined key 2020 strategic priorities. The Plasma-derived therapeutic industry is valued at \$6.8B as of 2018 and seen rising to \$13.9B by 2025, a strong 10.9% CAGR. ADMA is expecting to ramp production and sees peak sales of its products at \$250M annually, currently with 3 FDA-approved IG products in the US. Short interest at 11.6% of the float has been climbing and hitting new highs. ADMA does not see a lot of analyst coverage, though Jefferies started at Buy last June with an \$8 target on successful launches of BIVIGAM and ASCENIV bringing the company to breakeven by 2020 and \$240M in sales within five years, seeing it as a great way to play a \$12B intravenous immunoglobulin market. Perceptive Advisors is the top holder with a \$51M position.

Hawk Vision:



Hawk's Perspective: ADMA clearly carries the small Biotech risk but the story does look attractive, a company that can generate \$250M revenues a few years out carrying just a \$250M market cap.

Confidence Ranking: \$\$