



Large Put Sale in Small Biotech with Top ALS Treatment

Ticker/Price: AMLX (\$26.10)

Analysis:

Amylyx Pharma (AMLX) with a recent massive opening sale of 11,130 March 2024 \$25 puts for over \$5.45M in premium adjusting January short puts, showing a lot of confidence in shares trading near \$25. AMLX shares were nearly cut in half off the early 2023 highs with last week's low but have reversed right at a 50% retracement level as a potential bottom. AMLX also has 4950 August \$35 short calls in open interest. Amylyx (AMLX) is a commercial-stage biopharmaceutical company developing therapies for ALS (a.k.a. Lou Gehrig's disease) and other neurodegenerative diseases. Founded in 2013 and based in Cambridge, Massachusetts, the company's main asset is AMX0035 or Relyvrio (sodium phenylbutyrate + taurursodiol). AMLX shares surged in September 2022 when the FDA voted to approve AMX0035 in ALS. CHMP is trending toward a negative opinion on the application for conditional marketing authorization in Europe of AMX0035 (Relyvrio) for amyotrophic lateral sclerosis (ALS). CHMP is expected to adopt a formal opinion at its next meeting on June 19-22 and the company plans to request a formal re-examination if a negative opinion is received, which is a four-month process and involves new rapporteurs. If unsuccessful, then the company will wait until the PHOENIX trial readout in mid-2024. PHOENIX trial readouts in 2024 (functional) / 2025 (survival) remain the biggest key driver of Relyvrio peak sales. AMLX has a \$1.7B market cap and trades 5X cash and 2.5X expected 2025 sales. Analysts have an average target of \$49 and short interest is elevated at 16% of the float. BAML rates shares a Buy with a \$50 target. Mizuho thinks AMLX can still win EU approval and has a \$50 target with demonstrated benefit on both function and survival in the Phase 2 CENTAUR study, excellent safety and tolerability seen thus far, and a high unmet medical need for amyotrophic lateral sclerosis with no drugs approved in Europe since riluzole in the late 1990s. Citi has a \$54 target and sees the PHOENIX topline readout as more of a headline versus existential risk, and sees an opportunity for incremental buying from existing and new investors on the sidelines awaiting clarity on launch trajectory/PHOENIX risk to drive upside into the mid-\$40s per share near-term. Perceptive, Boxer Capital and Viking Global are notable top holders.

Hawk Vision:



Hawk's Perspective: AMLX is likely near a bottom and put sales in Biotechs are always a great signal. We are not seeing much call positioning so shares may be range-bound until next year's readout.

Confidence Ranking: \$\$