



## FEATURED OPTIONS RADAR REPORT



### Bullish Spread Positions for Upside in Attractive Neuro Biotech

**Ticker/Price:** BHVN (\$109.30)

**Biohaven Pharma (BHVN)** interesting trade on 12/2 as 1000 April \$80 puts were sold to buy 1000 of the \$115/\$140 call spreads at around a \$400,000 net debit. BHVN does not really have much notable open interest outside of this trade. BHVN shares are +27.5% YTD and was a relative strength name most of the year in the Biotech group but recently sold off on news that it entered a collaboration agreement with Pfizer for rimegepant outside of the US which disappointed some investors expecting a buyout. With the deal PFE invested \$350M in BHVN at a 25% premium, made an upfront payment of \$500M and also eligible for up to \$740M in milestone payments. BHVN shares have now pulled back to the rising 200-day moving average which lines up with VWAP off its March lows as well as a 50% retrace of the 2021 rally. BHVN is a biopharmaceutical company with a portfolio of innovative product candidates to improve the lives of patients with debilitating neurological and neuropsychiatric diseases, including some rare disorders. BHVN estimates 1 billion patients worldwide with migraines and is looking to expand its geographic footprint, expecting an MAA approval next year for rimegepant in the EU. The company is also in early stages of exploring potentially bringing a CGRP treatments to higher risk indications such as asthma and psoriasis. There are multiple topline readouts expected in the near term beyond migraine; SCA is advancing with topline data expected by the end of this year or early next year. BHVN recently received FDA approval of NURTEC ODT as the first and only migraine medication for both acute and preventive treatment which has seen a strong initial launch. BHVN has a \$7.5B market cap and trades 2.85X FY25 EV/Sales estimates with a strong growth period ahead. The rimegepant MAA for acute/preventative migraine treatment decision is expected in 1H22, and regulatory submissions in China/Korea are expected in 1H22 as well. Intranasal zavegepant is expected to have topline data for acute migraine treatment and a NDA filing in 4Q21 with a subsequent FDA decision in 2H22. For troriluzole, the company expects topline Phase 3 data for spinocerebellar ataxia and obsessive-compulsive disorder in 1H22 and 2H22, respectively. The verdiperstat trial in ALS is expected to complete enrollment 4Q21. Analysts have an average target of \$150 with short interest at 5.6% of the float. Goldman sees the weakness as a buying opportunity, positive on the strategic rationale for the Pfizer deal, and has a \$170 target. The CGRP franchise has the potential to drive further growth with zavegepant, including intranasal formulation for ultra-rapid acute treatment of migraines (potentially on market in late 2022 or early 2023) and oral formulation for daily dosed prevention of chronic migraines (Phase 3 data expected in 4Q22). The company is also developing verdiperstat and troriluzole for multiple indications, as well as next-gen CGRP's. Mizuho raised its target to \$144 expecting Nurtec outperformance and positive pipeline news flow.

### Hawk Vision:



**Hawk's Perspective:** BHVN remains one of my favorite Biotech names to own and recently got back into the name on this weakness which is unjustified in my view. I like the structure of this April options trade and think shares perform well in 2022.

**Confidence Ranking:** \$\$