



FEATURED OPTIONS RADAR REPORT



Ahead of Key 2H Catalysts, Bull Targets Laggard Biotech

Ticker/Price: BIIB (\$210)

Analysis:

Biogen (BIIB) with a buyer of 1668 October \$250 calls for \$12.70 to open this afternoon, sizable trade in the name that is forming a multi-month base back near key long-term support. BIIB has seen buyers in the June \$230 calls and recently while the July \$210 puts sold to open 1150X in April. BIIB also has size in the January \$275 and \$280 OTM calls from December/January buys, over \$2.5M each. Shares have been under pressure but a move above \$225 can set up a rally and shift in momentum with upside to \$250 and then \$275. The \$33B company trades 11.75X earnings and 3.5X sales with short interest of 1.6%. BIIB is a leading developer of therapies for neurological and neurodegenerative diseases with a number of marketed products. The big focus for the last several years has been Aduhelm their treatment for Alzheimer's which was approved in 2021 but has failed to gain traction and recently dealt a blow by the CMS whose policy coverage significantly limits its use. The focus in the near-term now shifts to their pipeline and potential strategic actions. BIIB has a key catalyst in the 2H for lecanemab (aka BAN2401) which is another amyloid-directed antibody for the treatment of early Alzheimer's. It differs from Aduhelm in its targeting of amyloid beta protofibrils which haven't yet formed plaques in the brain. It is also dosed every two weeks versus four weeks for Adhulem. BIIB was at the Stifel CNS conference on 3/28 explaining that they have a high degree of confidence in lecanemab approval given the size and the scope of the study. Analysts have an average target for shares of \$275 with a Street High \$500. Wells Fargo upgrading to Overweight on 4/18 seeing the company's base-business worth more than what Street thinks and sees value at \$180-\$200/share in sum-of-the-parts scenario and \$185/share on DCF without pipeline. They note this is because investors are not valuing royalty streams coming to Biogen properly, which makes for 15% of current revenues and 40% of the valuation. In 2020, the CEO bought \$750K in stock at \$241 and in February 2021 a director bought \$240K in stock at \$267. Hedge fund ownership rose 11% last quarter. Point72 a new \$145M position.

Hawk Vision:



Hawk's Perspective: BIIB has always had a lot of criticism around aducanumab but with the recent events and potential for focus to shift into their 2H catalysts, I like the valuation at these levels and potential for a run up into the readout for BAN2401

Confidence Ranking: \$\$