



FEATURED OPTIONS RADAR REPORT



Bull Spread Targets Key Proof of Concept Data for CRISPR Operator

Ticker/Price: EDIT (\$46)

Analysis:

Editas Medicines (EDIT) bullish spread on 8/4 sold 2,000 September \$40 puts and bought the November \$50/\$75 call spread. EDIT has a lot of bullish open interest in the August expiration from the \$40 to \$60 strikes while the January \$30 calls were bought for \$2.4M on 7/6. Shares jumped 9% yesterday following earnings and out of a narrow base to test YTD VPOC. A run higher targets \$52.25 and a low-volume node around the June/July highs. The \$3.13B company trades 34X sales and 5X cash. EDIT focuses on CRISPR genome editing with their lead asset EDIT-101 which is currently in Phase 1/2 trials in Leber Congenital Amaurosis 10, a form of vision loss that leads to blindness in childhood. EDIT said this week that they expect to share initial clinical data in September, a major catalyst that would show proof of concept and validate their platform around a number of other indications. The opportunity is great with about \$1B in peak sales potential when compared to peer Roche's therapy for LCA2, Luxturna. EDIT is also working with partner AbbVie on a treatment for Usher Syndrome 2A, a more prevalent form of eye disease than LCA10. They also have a bigger market opportunity for EDIT-301 which targets beta thalassemia and SCD. Analysts have an average target for shares of \$47 with a Street High \$86. Baird starting at Outperform in June seeing a positive risk/reward heading into clinical data for lead agent EDIT-101 by year end 2021 that has the potential to provide meaningful proof-of-concept for the company's gene editing platform. Chardan sees a 2H rebound for shares. CSFB with an Outperform rating as they think the application of CRISPR is theoretically limitless with the potential to cure a host of various diseases including blindness and cancer with a single administration. EDIT has developed a proprietary library of various CRISPR components, potentially giving it an edge over other companies in the space. Short interest is 12.3%, down from 16% in June. Hedge fund ownership fell 11%. In March, the CEO bought \$1.15M in stock at \$46.27 and a director bought \$264K in stock at \$45.50.

Hawk Vision:



Hawk's Perspective: EDIT is obviously an event-driven trade but risk/reward appears favorable at this spot, especially with the big CEO buy, and likely can run into the data; name worth a speculative position

Confidence Ranking: \$\$