



## Biogen Bullish Spread Positions for Upside through June

**Ticker/Price:** BIIB (\$328.5)

### Analysis:

**Biogen (BIIB)** bullish spreads selling 500 June \$310 puts to buy the \$350/\$400 call spreads, trading for net credits showing a willingness to own shares just below the 200 MA. BIIB has seen scattered bullish activity in June calls the past few months as well. Shares have put in a strong three week rally back above the weekly cloud and MACD crossing bullish on the weekly. The sell-off with the market in Q4 held right at trend support off its 2016 and 2018 lows. The \$67B Biotech trades 11.9X Earnings, 5.07X Sales and 11.55X FCF. BIIB is forecasted to see revenue growth slow due to tough comps starting in Q2 2019, next reporting in late January. BIIB has a strong core business for cash flows with its MS franchise and is targeting growth in Neurosciences. The MS market is a \$20B market and BIIB gets 68% of revenues from MS. Its SPINRAZA launch has been a blockbuster and its building out its Biosimilars as well. It is also considered best positioned in the Alzheimer's market, a massive untapped market. Final data for Aducanumab is expected in early 2020. BIIB also has \$29B in cash flow with \$5.7B cash and \$8B debt capacity, expected to pursue acquisitions and share repurchases. Analysts have an average target of \$385 on shares, short interest low at 1.8% of the float. BIIB raised prices on its MS drugs meaningfully on 1/1/19. Piper rates shares Overweight with a \$400 target. BTIG started shares Buy on 12-21 with a \$362 target seeing excitement for Aducanumab, a cash flow cow, and growth potential of its neuro portfolio. Hedge Fund ownership fell modestly last quarter, Meridian Global starting a new position and Jackson Square adding to its large position, a 4% weighting.

### Hawk Vision:



**Trading Strategy:** BIIB is extended near-term and the position is a credit, so gives us \$310 as a level to be more interested in involvement with time to monitor additional flows.

**Confidence Ranking:** \$\$