



FEATURED OPTIONS RADAR REPORT



Bull Spreads Open in Large Cap Biotech with Growing Pipeline

Ticker/Price: REGN (\$576.2)

Regeneron (REGN) large trade on 10/25 bought 1750 December \$610/\$650 call spreads at \$8.56 at around a \$1.5M net trade. REGN has minimal open interest but has seen 800 January \$540 short puts open, 700 January 2023 \$520 short puts open and some buyers from last February in January 2022 and 2023 \$600 strike calls that remain in open interest. REGN recently based along its rising 200-day moving average and is seeing nice accumulation the past week while RSI showing some bullish divergences on the daily. REGN bottomed in March 2021 after being a laggard in 2020 and the recent low was also a 61.8% Fibonacci level of the March 2021 low to the 2021 high. REGN will report earnings on 11-4. REGN is a biotechnology company that discovers, invents, develops, manufactures, and commercializes medicines for the treatment of serious diseases. REGN's commercialized products include indications in eye diseases, allergic and inflammatory diseases, cancer, cardiovascular and metabolic diseases, pain, infectious diseases, and rare diseases. REGN has a market cap of \$61.3B and trades 13X Earnings, 4.95X Sales and 36.2X FCF with revenues seen rising 70% in 2021 before facing tough comps in 2022. REGN's core brands include EYLEA, Dupixent, and Libtayo while it is entering a period of new launches in 1L Non-Small Cell Lung Cancer and Basal Cell Carcinoma, Pediatric Asthma, COVID-19 and Homozygous Familial Hypercholesterolemia (HoFH). REGN is also doing a lot of work in genetics and new gene editing treatments. REGN and NTLA entered into a licensing and collaboration agreement in 2016 where REGN could opt-in to co-develop and co-commercialize a number of NTLA's in vivo CRISPR/Cas9-based therapeutics for up to 10 different targets (including up to five non-liver targets). The companies expanded their collaboration in 2020 giving REGN the rights to develop up to five additional in-vivo liver targets for a total of up to 15 targets, and extended the collaboration term until April 2024. Investors main concern with REGN has been biosimilar competition to EYLEA starting in 2023/2024 while Dupixent has turned into a blockbuster. Analysts have an average target of \$700 and short interest is low at 1.5% of the float. HCW raised its target to \$842 last week noting Dupixent is now the main value driver and should see peak sales of over \$16B by 2029. HCW has an \$831 target and sees April 2022 FDA approval of REGN's COVID treatment. REGN's oncology portfolio is becoming increasingly competitive to Merck's Keytruda and should present more data in 2022. Hedge Fund ownership fell 4.5% in the latest quarter, Sustainable Growth a notable top holder.

Hawk Vision:



Hawk's Perspective: REGN valuation looks extremely cheap considering the potential pipeline upside and a great 200-MA base to be long again.

Confidence Ranking: \$\$