

SPOTLIGHT OPTION TRADE



Regeneron Bull Put Spreads Attractive into Dip

TRADE SNAPSHOT

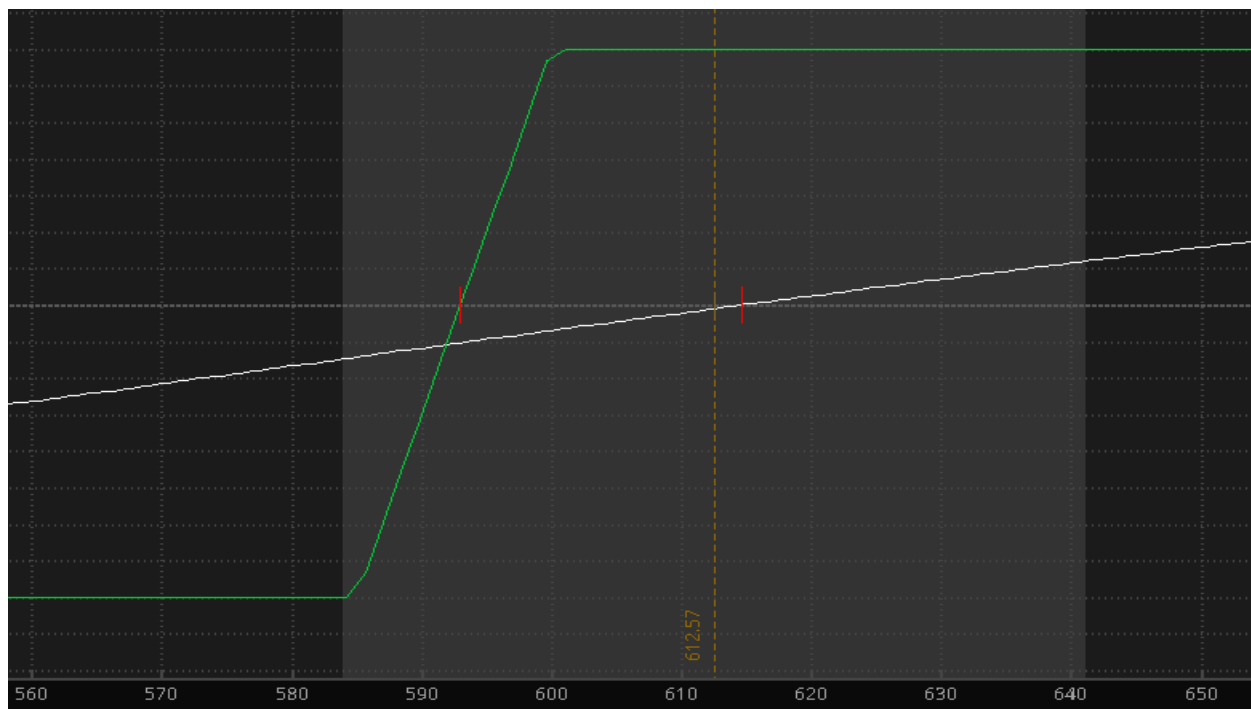
TICKER	REGN
SECURITY	Regeneron Pharma
SECTOR	Healthcare - Biotech
CURRENT PRICE	\$612.50
LONG/SHORT	Long
TARGET	Above \$600
STOP	None – Defined Risk
TIMEFRAME	3 Months

Trading Strategy: Sell the REGN November \$600/\$585 Put Spreads for \$7 Credit (Bull Put Spread)

Net Debit/Credit: Credit \$7

Profitability Zone: REGN Shares Above \$593 on November OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: REGN shares have pulled back retracing 50% of the May to July rally and trying to base above the rising 89 day MA after breaking under some key moving averages, but the 55 MA still sloping upwards and could retake that level in a bullish move this week. RSI has been trending lower while Accumulation remains strong.



Fundamental Analysis: The \$65B Biotech trades attractive on valuation at 18.25X Earnings, 8.1X Sales and 26.8X FCF with revenue growth in the 14-20% range annually the last four years and strong EPS growth seen continuing above 15% the next two years. REGN is coming off another strong quarter beating EPS and revenue consensus strongly while also highlighting its 20 product candidates in clinical development. Analysts have an average target of \$675 and short interest low at 1.9% of the float. OpCo raised its target to \$725 earlier this month with the pipeline continuing to excel and 2021 could provide material catalysts for the oncology and I/O programs. Barclays raised its target to \$675 noting near-term focus on COVID updates and Merck antiviral data ahead of the REGN-COV2 update and sees little downside for shares on headline risk noting the optionality for its oncology franchise and catalysts heavy late 2020 and early 2021. Hedge Fund ownership jumped 8% in Q2 filings, Polen and Sustainable Growth key firms adding to large positions.

Options Activity:

Date	Description	Volume	Open_Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol	Current Price	Current OI	Price Change	OI Differential
8/12/2020	REGN 100 20 NOV 20 640 CALL	469	244	\$41.50	0.47	39.78%	38.77%	\$1,946,350	.REGN201120C640	\$38.80	241	-6.51%	-66.20%
8/12/2020	REGN 100 20 NOV 20 600 CALL	512	283	\$62.90	0.59	40.34%	50.80%	\$3,220,480	.REGN201120C600	\$58.28	737	-7.34%	-7.30%
8/12/2020	REGN 100 20 NOV 20 545 CALL	900	8	\$94.82	0.75	42.24%	67.08%	\$8,533,800	.REGN201120C545	\$94.82	908	0.00%	.00%
7/27/2020	REGN 100 21 AUG 20 625 CALL	227	99	\$31.30	0.55	43.01%	50.75%	\$724,130	.REGN200821C625	\$6.60	247	-78.91%	-24.23%
7/27/2020	REGN 100 21 AUG 20 620 CALL	1,195	200	\$31.12	0.56	41.87%	51.67%	\$3,832,740	.REGN200821C620	\$9.50	820	-69.47%	-41.22%
7/27/2020	REGN 100 19 FEB 21 780 CALL	232	1	\$26.00	0.28	37.18%	19.50%	\$682,080	.REGN210219C780	\$21.50	229	-17.31%	-1.72%
7/20/2020	REGN 100 21 JAN 22 760 CALL	500	78	\$87.05	0.47	38.16%	29.28%	\$4,352,500	.REGN220121C760	\$64.52	611	-25.88%	5.71%
7/20/2020	REGN 100 15 JAN 21 760 CALL	501	21	\$31.53	0.33	36.04%	24.11%	\$1,579,653	.REGN210115C760	\$16.29	504	-48.33%	-3.45%
7/20/2020	REGN 100 15 JAN 21 600 PUT	500	99	\$43.35	-0.32	39.14%	42.72%	\$2,380,000	.REGN210115P600	\$53.80	602	24.11%	.50%
7/20/2020	REGN 100 15 JAN 21 530 PUT	500	23	\$23.50	-0.19	42.15%	28.46%	\$1,325,000	.REGN210115P530	\$27.30	541	16.17%	3.44%
7/15/2020	REGN 100 19 FEB 21 740 CALL	192	4	\$35.43	0.34	37.08%	24.58%	\$680,256	.REGN210219C740	\$23.90	100	-32.54%	-48.98%
7/15/2020	REGN 100 (Weekly) 28 AUG 20 635 CALL	154	1	\$34.70	0.52	42.59%	46.08%	\$534,380	.REGN200828C635	\$9.10	49	-73.78%	-68.39%
7/13/2020	REGN 100 20 NOV 20 640 CALL	125	45	\$58.50	0.52	41.62%	42.12%	\$748,750	.REGN201120C640	\$38.80	241	-33.68%	41.76%
7/10/2020	REGN 100 21 AUG 20 590 PUT	220	16	\$19.60	-0.31	46.01%	36.90%	\$431,200	.REGN200821P590	\$4.62	282	-76.43%	19.49%
6/18/2020	REGN 100 15 JAN 21 560 PUT	101	23	\$51.00	-0.36	38.81%	47.18%	\$545,400	.REGN210115P560	\$37.20	265	-27.06%	113.71%
6/15/2020	REGN 100 21 AUG 20 630 CALL	197	31	\$25.20	0.39	38.75%	32.40%	\$496,440	.REGN200821C630	\$5.50	314	-78.17%	37.72%
6/11/2020	REGN 100 15 JAN 21 640 CALL	795	175	\$57.72	0.5	37.49%	38.48%	\$4,889,250	.REGN210115C640	\$45.88	920	-20.51%	-5.15%
6/10/2020	REGN 100 21 AUG 20 525 CALL	901	2	\$96.90	0.8	43.78%	73.90%	\$9,055,050	.REGN200821C525	\$95.10	902	-1.86%	-1.11%

Potential Catalysts: ESMO 9-19-2020 (Past Expiration but May Release Data Earlier); REGN-COV2 Data in September

Disclaimer:

Not Investment Advice or Recommendation

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