



FEATURED OPTIONS RADAR REPORT



Sage Therapeutics Options Position for Key Catalyst

Ticker/Price: SAGE (\$69.45)

Analysis:

Sage Therapeutics (SAGE) a name seeing a lot of large positioning into key catalysts that are nearing. On 5/12 a trader bought 1000 June \$80 calls and sold 1000 August \$105 calls, on 5/5 the June \$50 puts were sold 1500X to buy 1500 of the \$85/\$115 call spreads, and back on 4/22 the June \$65 and \$60 puts were sold 1000X and 2000X to buy 1000 June \$80 calls. Back on 1/14 a trade sold 1300 August \$50 puts to open that remain in OI and on 4/14 the June \$90/\$120 call spreads bought 1500X while selling 1400 of the May \$90 calls. SAGER has also seen 3000 August \$70/\$40 put spreads open recently, but mostly bullish flow. SAGE has 8.8% of its float short which is near a two-year low and trending lower since last Summer. SAGE is a biopharmaceutical company committed to developing and commercializing novel medicines with the potential to transform the lives of people with debilitating disorders of the brain. Its first product, ZULRESSO® (brexanolone) CIV injection, is approved in the U.S. for the treatment of postpartum depression, or PPD, in adults. SAGE is currently targeting diseases and disorders of the brain with three key focus areas: depression, neurology and neuropsychiatry. Its next most advanced product candidate is zuranolone (SAGE-217), a novel oral compound being developed for certain affective disorders, including major depressive disorder, or MDD, and PPD. SAGE is currently conducting three Phase 3 placebo-controlled clinical trials of zuranolone – the WATERFALL Study and the CORAL Study in MDD, and the SKYLARK Study in PPD – as well as an open-label Phase 3 clinical trial in MDD known as the SHORELINE Study. SAGE is jointly developing zuranolone and SAGE-324 in the U.S. with Biogen. SAGE has a \$3.9B market cap and trades 17X FY22 sales estimates. SAGE has an active year in 2021 with WATERFALL readout expected in June and two other pivotal zuranolone readouts (CORAL and SKYLARK) due in 2021. SAGE also expects to provide updates in Parkinson's and Alzheimers in 2021. BAML previewed the upcoming event back on 3-30 and sees a launch likely in 2022 for MSS with peak sales of \$1.6B in 2024 and has a buy rating and \$97 target on shares. Analysts have an average target of \$100 on shares. Goldman had a note out on 5-4 and is positive into data, constructive on multiple paths to approval, and has a \$189 target. Piper has a \$100 target citing ten clinical study readouts this year and an extensive pipeline that is undervalued and underappreciated. On the chart shares have pulled back to a 38.2% retracement of the 2020/2021 range and a key VPOC support, room to run on a move past \$81.

Hawk Vision:



Hawk's Perspective: SAGE is an event-driven name and based on the positioning I see with shares at \$69 I see downside to \$50 and upside to \$100, so skews favorably at this level.

Confidence Ranking: \$\$