



FEATURED OPTIONS RADAR REPORT



Bulls Pile into Schrodinger into Earnings

Ticker/Price: SDGR (\$74.50)

Analysis:

Schrödinger (SDGR) buyer of the May \$80 calls for \$2.25, 1320X, and also near 1000 June \$70 calls bought for \$8.20. SDGR still has 1000 June \$70 short puts in OI from January, short puts at the June \$145 ITM strike, and bullish call buying in the January \$50 ITM calls. Shares are forming a nine-week triangle with ranges contracting lately and set for a big move. Above \$80 shares have a gap to fill back to \$100 from earlier this year. The \$5.37B company trades 49.5X sales and 8.35X cash with mid-20% revenue growth in FY21 and up to 57% in FY22. SDGR is a leading drug discovery and development platform used by biopharmaceuticals, academics, and government labs globally. SDGR fell earlier this year with guidance a bit conservative but optimism around the 2H of 2021 as more lab projects accelerate and focus for institutions shifts back to non-COVID programs. They also expect to advance three drugs from their internal development collaborations and shared a look into two, MALT1 (a potential therapeutic target for non-Hodgkin's B-cell lymphoma) and WEE1 (targeting cancer through replication stress and DNA repair), last month at AACR which should continue to have updates in 2021 and early 2022. Analysts have an average target for shares of \$85.50 with a Street High \$104. Jefferies positive on 3/15 noting that shares should recover through the 2H citing a combination of quarterly beats, progress on the internal drug discovery side and potential deals. Short interest is 6.6%. Hedge fund ownership jumped 21.5% in Q4, ARK a big buyer of stock while Artal Group remains a top holder.

Hawk Vision:



Hawk's Perspective: SDGR was a top pick in the 2021 outlook and remains one of my favorite long-term names in the healthcare/pharma space, earnings are on 5-11 and one to consider a flier given their commentary around 2H21 should be incrementally more positive

Confidence Ranking: \$\$