



FEATURED OPTIONS RADAR REPORT



Bullish Trades See TG Therapeutics a Biotech Winner in 2021

Ticker/Price: TGTX (\$40)

Analysis:

TG Therapeutics (TGTX) with an interesting trade on 4/20 as 1000 January \$38 puts were sold to buy 1000 of the \$40/\$55 call spreads. TGTX also with 500 January \$40 puts sold to open for \$8.60. TGTX has not seen a lot of recent positioning with still has 2,570 January \$30 short puts in open interest as well as 1000 January \$10 calls, 1250 January \$30 calls, and 1888 January 2023 \$15 calls. TGTX shares are putting in an ugly candle breaking recent lows with a 38.2% retracement support down at \$37.40 that aligns closely with uptrend support. The 200-day moving average is down at \$35.55 as another key level. TG Therapeutics is a fully-integrated, commercial stage biopharmaceutical company focused on the acquisition, development and commercialization of novel treatments for B-cell malignancies and autoimmune diseases. On 2-5, the FDA granted accelerated approval of umbralisib, now referred to as UKONIQ, for the treatment of adult patients with relapsed or refractory Marginal Zone Lymphoma (MZL) who have received at least one prior anti-CD20 based regimen and adult patients with relapsed or refractory Follicular Lymphoma (FL) who have received at least three prior lines of systemic therapy. TGTX has a market cap of \$5.75B with revenues seen at \$327M in 2022 and \$583M in 2023. It has plenty of cash to fund operations through 2023. It was included in Jefferies' 2021 top Biotech M&A candidates list. TGTX is a US biopharmaceutical company, with a diversified pipeline that features two late-stage assets in umbralisib (already approved as Ukoniq for cancer) and ublituximab (an anti-CD20 antibody, with positive Phase 3 data already in hand in both cancer and multiple sclerosis/MS). Goldman sees more potential in ublituximab's prospects, given potential use in both MS (GS estimates peak sales of \$1.8bn) and chronic lymphocytic leukemia in combination with umbralisib (GS estimates peak sales of \$1.6bn). Analysts have an average target of \$75 and short interest is 9% of the float. Goldman initiated Neutral on 4-21 with a \$50 target noting "We favor the de-risked nature of TGTX, also finding (1) merit in the company's ability to secure its first product approval, and (2) a high likelihood of TGTX gaining two more product approvals by year-end 2022 (we assume 85% POS). That said, seeing risk in small company product launches, and given our below consensus view on 2022-2025 revenue, we prefer to take a wait and see approach on the launches, and hence, we initiate at Neutral." Cantor Fitzgerald raised its target to \$74 seeing differentiated date in MS as an effective treatment for relapsing MS. HCW raised its target to \$89 noting the recent new data was impressive. Alkerm has a \$210M stake in TGTX and Maverick Capital with a \$166M position.

Hawk Vision:



Hawk's Perspective: TGTX has a real ugly chart but I like the fundamentals here and think this structure of trade is attractive, I put it very high on my list of M&A targets.

Confidence Ranking: \$\$