



Bristol Myers Bullish Open Interest Accumulates Ahead of Celgene Close

Ticker/Price: BMY (\$47.50)

Analysis:

Bristol Myers (BMY) with 1,000 March \$49 calls bought today for \$2.66 in a stock replacement and name which has seen a lot of bullish positioning accumulate recently as shares base. The January \$47 calls had 2,750 bought on 8-8, adding to over 8,500 in OI, while the December \$43 calls also seeing 3,000 bought on 8-5 and 8-6. The December \$43 calls and March \$55 calls also seeing size buys in late July while the January \$45 calls with over 10,000 accumulating. The June \$35 puts, March \$35 puts, January 2021 \$43 puts, and June \$40 puts all sold to open recently as well. Shares are back near the 200-day MA and looking to close back above for the first time since 10/10. A move above \$49.50 targets \$56.50 while seeing some positive RSI and MACD divergences into the recent lows. The \$77.64B company trades 10.74X earnings, 3.25X sales, and 21.4X FCF with nearly \$18/share in cash on hand and a 3.5% yield. BMY sees 37.5% and 19% EPS growth the next two years with revenues up high-single digits, buoyed by the Celgene (CELG) deal. The company expects the deal to close in late 2019 or early 2020 after agreeing to divest Otezla to alleviate FTC concerns. BMY sees \$2.5B in cost synergies while their existing sales structure can help drive assets like JCAR017 and Ozanimod to over \$15B in peak sales. Analysts have an average target for shares of \$56. Atlantic upgrading to Overweight on 8-14 with a \$63 PT. JP Morgan positive in late July with a \$62 PT. They note that recent trading has been messy but trading 7X 2020 estimates and a clear path to growth through the mid-2020s driven by ore products as well as a number of late-stage potential new launches. Short interest is 7.6% but surging with the deal arbs. Hedge Fund ownership rose 14.4% in Q2. Baupost a buyer of 9M shares last quarter. On 8-1, a director bought \$491,920 in stock at \$44.72.

Hawk Vision:



Hawk's Perspective: BMY is intriguing on a long-term value side with the Celgene deal and insider buying / put sales adds some confidence in a name which has been tricky given concerns over approval. Shares have run a little too far to initiate something new here but risk/reward vs the recent lows is attractive on a pullback.

Confidence Ranking: \$\$