



## Bulls Load Up on Gilead Calls for COVID-19 Treatment

**Ticker/Price:** GILD (\$76.5)

### Analysis:

**Gilead (GILD)** on 4/16 with massive positioning in August call options with 8000 of the \$80 strike, 12,000 of the \$85 strike, 6,250 of the \$87.5 strike and even 8000 of the \$110 strike trading with size lots bought. The activity follows monthly of a lot of activity across multiple months and upside strikes as GILD has a potential treatment option for COVID-19. GILD shares have consolidated since February in a \$68/\$80 range with potential to breakout and target \$92 or even back to 2016 levels near \$100. The \$95B Biotech trades 11.7X Earnings, 4.27X Sales and 18.8X FCF with a 3.65% yield and a large cash hoard it has been putting to use recently, including a \$5B deal for Forty Seven (FTSV), giving it access to lead product candidate magrolimab which is being tested as a treatment for several cancers, including myelodysplastic syndrome, acute myeloid leukemia and diffuse large B-cell lymphoma. GILD has been focusing on a broader move into Oncology with its core HIV/Hepatitis business contracting in recent years. Analysts have an average target of \$75 and short interest at 1.9% of the float has been rising the last few weeks. Piper upgraded to Overweight on 3-20 expecting remdesivir to be approved by the FDA for treatment of COVID-19 with capacity to ramp and treat millions of patients, and although not expecting to profit from the pandemic, if it is a recurring virus it could be a multi-billion dollar franchise opportunity. STAT is reporting on 4/16 after the close that rapid recoveries are being seen by patients treated. Bloomberg reported last night Gilead was eyeing a stake in Arcus (RCUS) which has many relevant proof-of-concept readouts for Arcus in both its adenosine antagonist and its anti-TIGIT. Citi and JPM both out saying data in COVID-19 appears very promising. Cantor raised its target to \$86 on 4/6. Hedge Fund ownership rose modestly in Q4 filings, notable concentrated holders include Partner Fund, Sanders Capital and Parnassus.

### Hawk Vision:



**Hawk's Perspective:** GILD shares rocketed higher after hours on reports of strong efficacy in severely ill patients, so if not in with the live signals yesterday, likely not worth chasing now hitting \$89.

**Confidence Ranking:** \$\$