



## illumina Bulls Look for Breakout to Sustain

Ticker/Price: ILMN (\$325)

### Analysis:

**illumina (ILMN)** with 915 September \$360 calls bought to open early for \$11 and trading up as high as \$15 now with the stock up 2.5%. ILMN has seen some positive flows recently including 575 June \$350 calls bought yesterday while the June \$370 calls bought on 4/20. ILMN also popular with put sales across the September options. Shares are working out of a weekly downtrend from the July highs near \$380 and out of a bull flag today with some space above \$335 to run. There's also a gap from last Summer back up to \$360 to be filled. The \$47.62B diagnostics company trades 42X earnings and 13.3X sales with a strong cash balance and limited debt or near-term maturities, current ratio of 4.1X. ILMN still sees low-teens revenue growth in FY22 driven by growth in their next-gen sequencing platform NovaSeq and NextSeq. The company continues to see their overall base grow by double-digits and their lower-cost, higher efficiency platforms likely see better demand in a post-COVID world with labs focusing on costs and output. The pandemic has disrupted a lot of near-term lab projects where ILMN would thrive, especially in emerging research opportunities like liquid biopsy, CRISPR, microbiome, and others, but commentary from some of the leaders in those spaces suggesting a pickup in activity in the 2H while ILMN themselves noted that purchases picked up quickly in the first month of Q2. The company also noting that many academic projects remain fully funded and a matter of when not if they resume. ILMN also noting that many labs are shifting to COVID related projects where they see potential for incremental demand. Analysts have an average target for shares of \$330. Piper with a \$356 PT seeing pressures near-term but longer-term a lot of growth opportunities for the company in next-generation sequencing which remain intact. Short interest is 2.2%. Hedge fund ownership fell 3%. Lone Pine Capital with over 500k shares bought.

### Hawk Vision:



**Hawk's Perspective:** ILMN continues to trade well as a top set-up into this week and remain in some June calls from a former earnings trade, looks to have room to \$400.

**Confidence Ranking:** \$\$