



## FEATURED OPTIONS RADAR REPORT



### Hologic Call Buyers Jump on Weakness

**Ticker/Price:** HOLX \$61.35

#### Analysis:

**Hologic (HOLX)** late day buyers on 8/27 for more than 4,750 December \$70 calls up to \$2.75 to open, sizable positioning into weakness. Shares have been in a strong trend since March and the gap down yesterday bottomed just above the 38.2% Fibonacci as well as a big range breakout spot from June. The \$16B company trades 14.68X earnings and 4.8X sales with mid-teens growth. HOLX develops diagnostic products with a number of assays across HIV, Hep C, pre-natal, and more. HOLX fell yesterday after Abbott's quick test for COVID was approved as it likely takes some volume from their COVID assay but fears seem overblown as testing demand will far outstrip capacity for some time, especially if the Fall sees a surge in cases in tandem with influenza. They also noted recently that even in a world with a vaccine available, testing will still be imperative given the economic risks of another shutdown. HOLX noted in July on their call that they're seeing strong uptake of their COVID test and an opportunity to pull-through into their other assays which is a huge move given their lower share globally. Analysts have an average target for shares of \$66.50 with Citi at a Street High \$85. The firm noted in July that there is a "long runway ahead" until the supply for COVID-19 tests meets the demand, and is incrementally more positive on Hologic's ability to be one of the critical suppliers in the process. BTIG sees plenty of upside as COVID-19 testing continues to ramp into the fall and Panther placements hone in on 500 for FY20. Wells Fargo thinks their opportunities in Diagnostics and Breast Health are underappreciated. Short interest is 1.1% and near multi-year lows. Hedge fund ownership rose 23% in Q2. Deerfield started a new 1.3M share position.

#### Hawk Vision:



**Hawk's Perspective:** HOLX is a nice story long-term and yesterday's dip feels like an opportunity to get involved as testing will remain in demand and feels like there's plenty of market for multiple players; I'd prefer to wait a few days and let it settle but establishing a nice level to shoot against

**Confidence Ranking:** \$\$