



## FEATURED OPTIONS RADAR REPORT



### Adaptive Bio Unusual Call Buys into Strength

Ticker/Price: ADPT (\$42)

#### Analysis:

**Adaptive Biotech (ADPT)** with 3,400 September \$45 calls bought to open today up to \$2.00 and running around 15X average in the name. ADPT has limited open interest but did see some January \$40 and \$45 calls sold recently into the run-up, potentially overwriting stock. ADPT shares are basing nicely at the 38.2% Fibonacci retracement of the rally in March/April and around the 200-day with a move higher targeting \$48 and then above the July highs to \$60. The \$5.66B company trades 61.5X sales and 9.9X cash with virtually no debt and strong forward growth profile seeing 80% revenue growth in FY21 and 30-40% in FY22. ADPT focuses on high-throughput gene sequencing using their unique platform to analyze T-cell receptors and utilize the immune system at scale to analyze cancers, autoimmune diseases, and many other areas. ADPT has partnered with Microsoft to develop blood tests that can diagnose multiple diseases in a single test and working with Genentech on an oncology collaboration. COVID-19 has accelerated interest and demand for their immunoSEQ product with the launch of their T-MAP COVID product which helps vaccine developers map receptors and significantly improve analysis of their candidates in development. They continue to expand the use cases of their other commercial product clonoSEQ into areas like NHL and see expanded payor coverage as a key driver of growth in 2021 and beyond. They see the flexibility of their platform as a big advantage going forward as it allows them to quickly move into new areas and opportunities. ADPT sees a massive TAM across life science research and drug development. Analysts have an average target for shares of \$52. Goldman initiated at Buy in June with a \$60 PT citing the strength of their platform and future trajectory with a lot of potential from immunoSEQ Dx and their drug discovery pipeline. They note that their cell therapy collaboration in oncology with Genentech and future sole expansion into autoimmune disease alongside cancer vaccines, provide "two key growth levers." Short interest is 1.6% and down from 4% in January. Hedge fund ownership fell 4% in Q2 but notable buys from Healthcor and ARK Investment while Viking Global, Baker Bros., Perceptive, Peregrine, Tiger Management and Casdin Capital all notable holders.

#### Hawk Vision:



**Hawk's Perspective:** ADPT looks to be a compelling growth story and one of the kind of names to invest long-term as another strong growth play in diagnostics.

**Confidence Ranking:** \$\$