



## FEATURED OPTIONS RADAR REPORT



### Agilent Bull Spread Sees New Highs this Year

Ticker/Price: A (\$100.3)

#### Analysis:

**Agilent Tech (A)** large trade late on 9/15 sold 2000 November \$90 puts to buy 4000 of the November \$105/\$115 call spreads. Agilent also has 3,170 November \$110 calls sold to open from a buy-write in OI, otherwise a lot of September options set to expire this week. Agilent shares recently bounced at the rising 55-day MA and not far from the new highs it reached in August and the next Fibonacci extension target is \$108.90. It is coming off a quarter where it beat estimates with a boost from COVID testing volumes while non-COVID volumes started to show signs of improvement. The \$30.65B Healthcare company trades 27X Earnings, 5.9X Sales and 23X EBITDA with a 0.72% yield. Forecasts are looking for 7.6% revenue growth and 14% EPS growth in 2021, strongest year since 2018. Agilent estimates a \$52B TAM across its six end-markets with an attractive recurring revenue base. Revenues are split 58% to Services, Consumables & Informatics and 42% to Instruments. Agilent has been a strong operating margin expansion story the last few years and revenues distributed across industries such as Chemical/Energy (23%), Environment (12%), Food (10%), Pharma (31%), Academia & Government (9%), and Clinical/Diagnostics (15%). Agilent bought BioTek for \$1.165B to double the scale of its position in the attractive cell analysis market. Analysts have an average target of \$102 with short interest low at 1.2% of the float. Wells Fargo raised its target to \$105 expecting a reacceleration of growth in 2021. Baird raised its target to \$104 as China returned to strong growth and Citi bumped its target to \$100 and sees the outlook conservative. Hedge Fund ownership was flat in Q2 filings, Ackman's Pershing Square with a large \$1.1B stake as its 4<sup>th</sup> largest position.

#### Hawk Vision:



**Hawk's Perspective:** A is a steady quality name, not the most exciting or liquid for trading options, but a core own type.

**Confidence Ranking:** \$\$