



Call Buyer Sees Strength Continuing in PerkinElmer

Ticker/Price: PKI \$115.65

Analysis:

PerkinElmer (PKI) buyers today opening 1,300 December \$120 calls between \$9.00 and \$10.50, name that has traded very well since March. PKI had smaller buyers in the December \$125 calls in July. Shares are trading in a bull flag under \$125 with the rising 50-MA just below and a measured move out to \$140 on a breakout with MACD nearing a bull cross, ready to run. PKI broke out of a big weekly range in June above \$100 that targets \$160 on a further move higher. The \$13.37B diagnostics company trades 21.21X earnings, 4.5X sales, and 32.5X FCF with a small yield. PKI is benefitting from the pandemic with rising demand for testing and ramping manufacturing capacity up to millions of tests per week in June. They're also implementing better supply chain and logistics protocols to improve their overall base and scale to demand which they expect to surge in the Fall with flu season. PKI believes their ELISA system can run over 2.5M/tests a month. They also have expanded product reach into areas like their Spectrum Two+ hand sanitizer, assays for virology research, and better templates for researchers working on drug discovery. Short interest is 1.9% and down from around 5% in January. Hedge fund ownership rose 19.5% in Q2, Select Equity a buyer of 3.5M shares. Analysts have an average target for shares of \$91 with Wells Fargo a Street High \$130. Stifel positive as well noting that PKI has made good progress in transforming the portfolio and taking aim at higher growth markets with less cyclicality.

Hawk Vision:



Hawk's Perspective: PKI has been a quiet winner over the last six months and outperforming both DGX and LH, recently; the longer duration gives time to look for a better setup and would look for a reversal day around that 50-day if not lower near the July breakout and big weekly spot at \$100

Confidence Ranking: \$\$