



FEATURED OPTIONS RADAR REPORT



Qiagen Call Spreads Positions for New Highs

Ticker/Price: QGEN (\$54)

Analysis:

Qiagen (QGEN) the February \$60/\$70 call spread bought 2950X for \$2.20 to open today, first notable activity since their deal with ThermoFisher (TMO) fell apart. QGEN also had 1,965 October \$55 calls bought this morning for \$1.25, looks to add to OI. Shares are fairly extended in the near-term after today's gap higher but a re-test of the recent breakout at \$52.75 ideal with a measured move to \$60 from the recent two-month range. The \$12.37B company trades 22.3X earnings, 7.7X sales, and 16.6X cash with mid-teens growth. QGEN is stalwart name in the diagnostics space with a focus on sample and assay tech in molecular diagnostics, applied testing, and pharmaceutical research. QGEN's has higher-value testing products in specialty areas like allergy, autoimmunity, transplant diagnostics, and oncology testing while their TB detection test is turning into an industry leader with a market opportunity of more than 70B tests annually and low penetration currently at just 20% of testing volumes moved off of conventional skin tests. QGEN is benefiting from higher volumes for their COVID testing solutions while the long-awaited rollout of their digital PCR this year is expected to be a game-changer for next-gen research labs. Analysts have an average target for shares of \$48.50 and Commerzbank a Street High \$66. BAML positive this morning noting that the company has tailwinds into 2021 due to COVID related demand for testing products. They also note QGEN has the opportunity to reinvent itself, especially when it comes to deploying capital, further reducing the cost structure, and delivering on expectations. Kepler upgraded shares to Buy on 9/28 and Citi positive yesterday with a '30 Day Positive Catalyst Watch' ahead of earnings expecting significantly higher than initially anticipated COVID testing related revenues. Short interest is 1.9%. Hedge fund ownership fell 1% in Q2, Davidson Kemper a top holder with 18.2M shares and lead investor who blocked the TMO deal. Farrallon Capital added a new 2.8M share position.

Hawk Vision:



Hawk's Perspective: QGEN positioning gives time for a pullback to \$51 or so for a name very overbought. Diagnostics remains a favorite part of Healthcare for me to invest in.

Confidence Ranking: \$\$