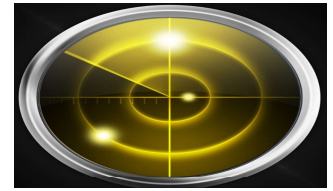




## FEATURED OPTIONS RADAR REPORT



### AstraZeneca Put Sales Active into Weakness Following Alexion Deal

Ticker/Price: AZN \$50.93

#### Analysis:

**AstraZeneca (AZN)** a lot of bullish flow this week after shares fell following their deal for Alexion (ALXN) including sellers of the July \$50 and \$45 puts on 12/16 and follows the April \$45 puts sold over 4850X on 12/14 as well and buyers were active for the January 2023 ITM \$40 calls for \$13.60. AZN has 2800 April \$55 short puts and 19,000 January \$57.50 calls in open interest. Shares gapped down to \$50 support, an area that has held up earlier this year and the 50% retracement of the early-year rally. There's a gap above the 8-EMA back to \$54 and continuation of the longer-term trend. The \$133B company trades 17.2X earnings, 5.2X sales, and 15.8X cash. AZN made a splash this week with their deal for ALXN which gives them much-needed diversity in their portfolio, near-term cash flows, and strong revenues with about \$6B expected in year one. The deal also has plenty of room for upside as AZN will likely take Ultimoris and Soliris into areas like China where they don't have a big foothold. Elsewhere, AZN should have further data for their COVID vaccine soon and expectations have fallen a bit recently, so potential for an upside surprise as it has functioned well at a lower dose in early trials and is easier to manufacture and distribute than Pfizer's. Analysts have an average target for shares of \$90. MSCO upgrading to Overweight on 12/7 noting that the company remains on track to deliver on its fiscal 2020 targets given underlying sales strength and a diversified product portfolio while fiscal 2021 earnings risk is skewed to the upside. Hedge fund ownership fell 11.5% in Q3, Winslow Capital remains a top holder with 5.8M shares.

#### Hawk Vision:



**Hawk's Perspective:** The ALXN deal likely turns out to be a big winner AZN from both an earnings and R&D perspective – although I do feel there's some risk to a competing bid at the \$39B price point – and it feels like the market is ascribing little value to their COVID trials. It needs to stabilize a bit more but worth a shot if the recent low can hold up.