



FEATURED OPTIONS RADAR REPORT



Size Calls Accumulate for Danaher Long-Term Upside

Ticker/Price: DHR (\$226)

Analysis:

Danaher (DHR) January 2022 \$240 calls are up to 2925X on the day with steady buyer flow, sizable premium, and follows 1000 March \$230 calls bought for \$1.3M yesterday. DHR shares have pulled back since early November off record highs but with peer Thermo Fisher (TMO) moving higher today after raising guidance, the group may come back into focus. DHR also presented today at the Evercore Conference. DHR recently put in a low right at a key 21-week MA support and nearly retested its flag breakout on the weekly from late September that has a target move up to \$250. The \$160B life science tools & diagnostics company trades 31.35X Earnings, 8.7X Sales and 40.8X FCF with a 0.32% yield, and long been a best-in-class operator. DHR has made a lot of portfolio changes the last few years. The moves are ultimately making DHR a more focused entity with better end-markets, margins, and growth prospects. It now has 3 key segments with Life Sciences, Diagnostics and Environment and Applied Solutions. DHR mentioned today it is in the early days of biologic drug development and efficacy and notes COVID vaccines are driving a great deal of activity and volume for its businesses. Analysts have an average target of \$260 and short interest low at 1% of the float. RBC downgraded to Perform with a \$234 target noting the cyclical recovery makes DHR's high-quality defensive portfolio less compelling. KeyBanc started coverage on 11/9 at Overweight with a \$280 target noting DHR involved with every COVID-19 clinical trial and a world leading supplier of technology used to make biotech therapeutics. Needham raised its target to \$272 after exceptionally strong Q3 results and sees disruption from the pandemic on other businesses diminishing. Hedge Fund ownership fell 2% in Q3 filings, the top holding for Aristotle Capital and Edgewood started a new large position.

Hawk Vision:



Hawk's Perspective: DHR is a high-quality leader and the recent dip does look attractive versus the recent low for longer term hold.

Confidence Ranking: \$\$