



FEATURED OPTIONS RADAR REPORT



Large Cap Pharma Services Leader on Parabolic Run Seen to Have Further Upside

Ticker/Price: A (\$179.25)

Analysis:

Agilent (A) with a rare large trade on 9/3 as 2500 November \$190 calls were bought to open near \$3.75 for over \$1M, a name lacking much notable open interest though has 1200 November \$175 calls bought in open interest and 1100 January \$185 calls sold to open. Agilent shares have climbed more than 50% YTD and been on a vertical ascent since early August. The weekly move is parabolic and very overbought though no signs of momentum waning. Agilent is a global leader in life sciences, diagnostics and applied chemical markets, providing application focused solutions that include instruments, software, services and consumables for the entire laboratory workflow. 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. Agilent currently has a market cap of \$54B and trades 37.4X Earnings, 8.8X Sales and 52X FCF with a 0.44% dividend yield. Revenues are expected to rise 18% in 2021 with one quarter remaining and rise 5-7% annually the next few years with 7-10% annual EBITDA growth. Agilent is coming off a beat and raise quarter with strong order book momentum driven by robust funding for drug discovery and development. Analysts have an average target of \$170 with short interest low at 1.1% of the float. Jefferies raised its target to \$185 from \$155 as Agilent continues to fire on all cylinders and considers its consistent strong execution warranting a best-in-class premium multiple given its excellent organic growth. KeyBanc raised its target to \$195 expecting positive results to continue based on order book trends. Hedge Fund ownership fell 4.4% in the latest quarter filings, Pershing Square remains a top holder with a \$1.7B stake.

Hawk Vision:



Hawk's Perspective: A is on a wild run and prefer to at least see some pullback and basing before getting overly interested in a position, a quality large cap name certainly in a field with a lot of great long-term owns like **TMO, DHR**.

Confidence Ranking: \$\$