



Abbott Labs Calls Hot into Weakness

Ticker/Price: ABT (\$80)

Analysis:

Abbott Labs (ABT) seeing 2200 May \$82.5 calls bought near \$3 to open and with shares near day lows IV moving up with 4500X of these now trading and bid \$3.20, strong buying interest. ABT shares with an ugly monthly candle along with the rest of the market but only testing the low-end of a multi-month range and likely limited impact to its business. The \$145B med-tech leader trades 20.3X Earnings, 4.55X Sales and yields 1.77%. Forecasts see revenues growing around 7% the next two years, impressive for a large cap, and 10-12% EPS growth. ABT coming off a strong quarter with double-digit organic sales growth in Heart Failure, Electrophysiology, Structural Heart and Diabetes Care. It also delivered strong growth in the Pharma division. Analysts have an average target of \$100 and short interest is low at 1% of the float. Goldman initiated shares Neutral on 2/12 with a \$96 target, which is 20% above its current price. Stifel raised its target to \$104 on 1/23 after the quarter, noting key drivers such as MitraClip, Libre and Alinity can deliver durable, sustainable growth in the business. Wells Fargo raised its target to \$103 citing confident in Libre 2.0/iCGM approval, expects to sustain its current levels of organic growth, is executing on its diverse pipeline and remains selective with regards to M&A. Hedge Fund ownership was flat in Q4, Polen Capital adding 8.8M shares, and Sustainable Growth Advisors adding to a large position.

Hawk Vision:



Hawk's Perspective: ABT is an attractive large cap growth story with limited virus-risk, so once markets calm the kind of name you want to be buying.

Confidence Ranking: \$\$