



## FEATURED OPTIONS RADAR REPORT



### Bullish Positions Open into Biosimilar Leader into Key Catalysts

Ticker/Price: AMGN (\$236)

#### Analysis:

**Amgen (AMGN)** on 2/21 with 1900 March \$240 synthetic long positions opening as well as 700 March 10<sup>th</sup> (W) \$240 calls. AMGN recently with some buys in April \$250 and June \$245 calls while April \$275 calls are short 2250X and a buyer of 1000 January \$230 calls from 8/24 remains in open interest. AMGN shares are down 9% YTD lagging peers and the market but nearing its rising 200-week moving average that has acted as support numerous times, currently at \$229.15 and also nearing VWAP off 2019 lows while remaining in a longer-term uptrend. AMGN is a large cap Biotech with a growing presence in Biosimilars. Key assets include Repatha, Otezla, Enbrel, Prolia, and XGEVA. AMGN noted strong volume growth (10%) in 4Q, with double-digit volume growth for a number of products, including Lumakras, Repatha, Prolia, and Amjevita, partially offset by 3% lower net selling price and 2% negative impact from foreign exchange. A Ph3 study of Lumakras in combination with Vectibix in 3L colorectal cancer (CRC) continues to enroll patients, and management expects a data readout in 2H23. Tezspire Ph2b data in patients with chronic spontaneous urticaria (CSU) anticipated in 1H23. Amgen recently did a major acquisition of Horizon (HZNP) and focus turns to Ph4 data for key revenue driver Tepezza (IGF-1R directed antibody) in chronic thyroid eye disease (TED), expected in 1H23, which, if positive, has the potential to resolve the current reimbursement challenges in the chronic setting. HZNP management has guided to aggregate global peak annual net sales of >\$6.5bn for its three key growth drivers: Tepezza >\$4B, Krystexxa >\$1.5B, Uplinza >\$1B. AMGN has recently discussed that compressed sector valuations, rising costs of capital, and scarcity of funding continue to create opportunities for strategic business development, and where (despite recent transactions) they continue to look across a range of opportunities to acquire and license external innovation. Management believes they are well-positioned for the Inflation Reduction Act given their biologics focus, efficient cost structure, world-class manufacturing capabilities, and recent expansion into rare disease (see above), highlighting that they have built a portfolio of products that are well-suited to volume-driven growth in an environment of declining net prices. AMGN has a market cap of \$124B and trades 12.5X Earnings, 4.7X Sales and 27X FCF with a 3.6% dividend. Forecasts see revenues growing just 1.6% in 2023 with 0.4% EPS growth but acceleration the next few quarters and into 2024. Analysts have an average target of \$260 with short interest low at 1.7% of the float. Argus lowered its target to \$270 but sees improving prescription volumes over the next year.

#### Hawk Vision:



**Hawk's Perspective:** AMGN looks oversold though a firm downtrend, worth watching for a close over its 8-day for a bullish call position while bull put spreads an option here as well.

**Confidence Ranking:** \$\$