

## SPOTLIGHT OPTION TRADE



### Amgen Shares Coiled, New High Breakout Potential into ASCO

#### TRADE SNAPSHOT

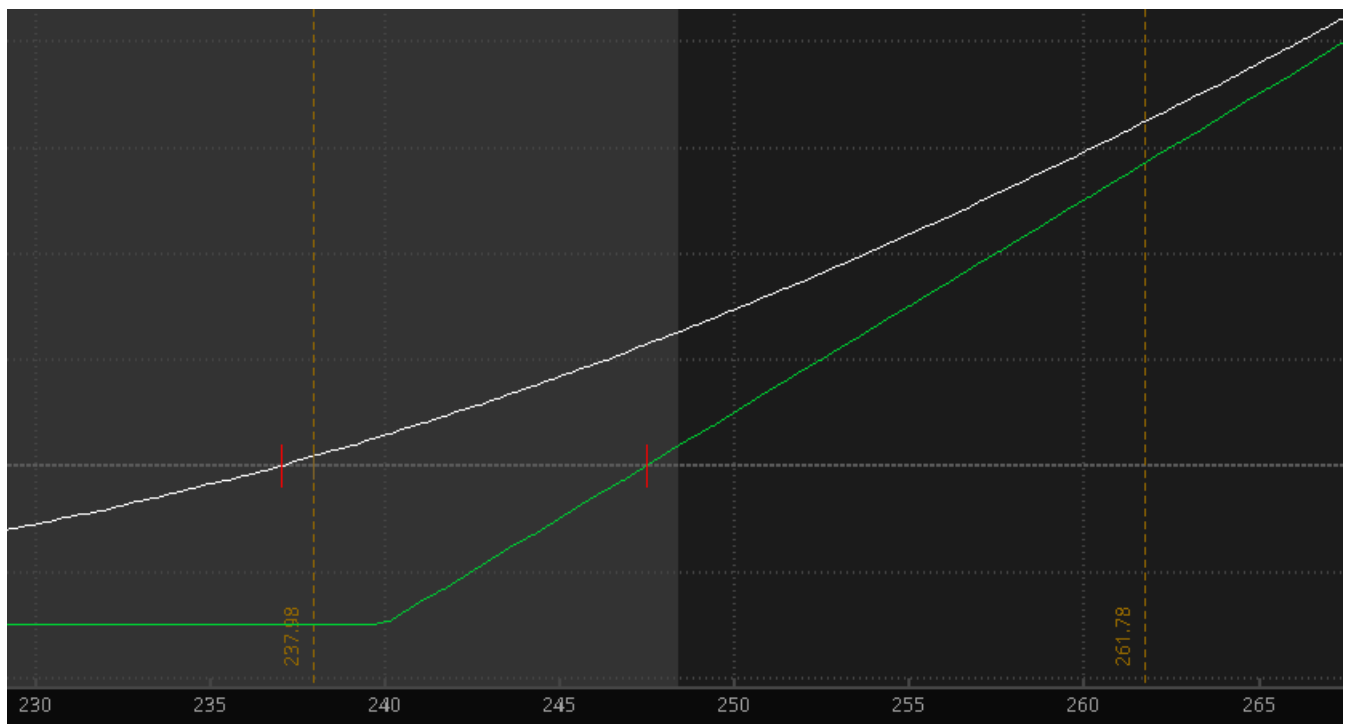
TICKER	AMGN
SECURITY	Amgen
SECTOR	Healthcare – Biotech
CURRENT PRICE	\$238
LONG/SHORT	Long
TARGET	\$260
STOP	\$227
TIMEFRAME	5 Weeks

**Trading Strategy:** Long the AMGN June \$240 Calls \$7.50 or Better

**Net Debit/Credit:** Debit \$7.50

**Profitability Zone:** AMGN Shares Above \$247.50 on June OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** AMGN shares forming an ascending triangle on the 4H chart with shares coiled on the daily just under late 2019 highs.



**Fundamental Analysis:** The \$140B Biotech trades 14X Earnings, 5.9X Sales and 26.8X FCF with a 2.7% dividend yield. AMGN carries a lot of debt but also generates a ton of cash flow and has a large cash balance that it has noted potential for M&A deals. AMGN sees revenue growth of 8.5% in 2020, best year of growth since 2012 while EPS is seen rising 5% this year and 9% in 2021. AMGN is back into growth mode with encouraging KRAS genetic mutations one area of focus while the acquisition of Otezla from the CELG/BMY deal a big win as well. AMGN is also a leader in Biosimilar programs, a hot area moving forward. It also has growth products like Repatha, Aimovig, and EVENITY with its core focus now on oncology, cardiovascular and inflammation. AMGN also did a deal with BeiGene as it expects a lot of growth from Asia the next ten years. 2020 is seen as a catalyst rich year with AMG5100 Phase 2 NSCLS data, AMG510 Phase 1 monotherapy/combo data, Tezepelumab Phase 3 data in uncontrolled asthma, Otezla Phase 3 in mild to moderate psoriasis, and Omecamtiv mecarbil Phase 3 in cardiovascular outcomes. Analysts have an average target of \$252 and short interest down 16% Q/Q to just 1.3% of the float. BAML upgraded to Buy with a \$250 target on 3-5, citing a well-appreciated legacy product risk and an emerging new product story. Cantor Fitzgerald raised its target to \$263 on 5/4 as the most defensive large cap Bio and thinks AMG-510 and tezepelumab have the potential to be the next blockbuster opportunities that could emerge from their pipeline. BMO raised its target to \$291 on 5/1 citing positive sales trends. Hedge Fund ownership fell 1.2% in Q4 filings, Winslow Capital a new position and Aristotle added to a concentrated position.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delt	Impl Vol	Prob.ITM	Premium Paic	Symbol
5/8/2020	AMGN 100 16 OCT 20 235 CALL	299	165	\$17.05	0.5	31.23%	41.31%	\$517,270	.AMGN201016C235
5/1/2020	AMGN 100 21 JAN 22 140 PUT	500	45	\$8.60	-0.118	38.19%	25.69%	\$430,000	.AMGN220121P140
4/20/2020	AMGN 100 (Weeklys) 1 MAY 20 225 PUT	1,254	26	\$2.96	-0.22	46.77%	24.98%	\$374,946	.AMGN200501P225
3/25/2020	AMGN 100 19 JUN 20 215 CALL	520	342	\$5.75	0.27	36.16%	21.87%	\$356,200	.AMGN200619C215
2/18/2020	AMGN 100 15 MAY 20 210 PUT	583	254	\$5.65	-0.31	23.89%	35.58%	\$332,310	.AMGN200515P210
2/13/2020	AMGN 100 16 OCT 20 205 CALL	587	5	\$27.45	0.69	25.20%	61.00%	\$1,631,860	.AMGN201016C205
1/24/2020	AMGN 100 17 JUL 20 230 PUT	630	389	\$15.10	-0.51	20.83%	57.54%	\$951,300	.AMGN200717P230
1/24/2020	AMGN 100 17 JUL 20 210 PUT	641	34	\$7.30	-0.29	23.28%	35.33%	\$467,930	.AMGN200717P210
1/23/2020	AMGN 100 17 JUL 20 230 CALL	221	111	\$15.10	0.56	21.26%	50.21%	\$333,710	.AMGN200717C230
12/30/2019	AMGN 100 19 JUN 20 240 CALL	501	1,258	\$15.20	0.54	22.48%	47.80%	\$786,570	.AMGN200619C240
12/30/2019	AMGN 100 19 JUN 20 260 CALL	500	311	\$6.25	0.32	20.66%	27.15%	\$347,500	.AMGN200619C260
12/26/2019	AMGN 100 17 JUL 20 255 CALL	800	79	\$10.05	0.38	21.60%	32.76%	\$796,000	.AMGN200717C255
12/23/2019	AMGN 100 19 JUN 20 250 CALL	6,184	741	\$10.43	0.43	21.28%	37.10%	\$6,616,880	.AMGN200619C250

**Potential Catalysts:** 5-29 ASCO Investor Meeting

**Disclaimer:****Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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