



FEATURED OPTIONS RADAR REPORT



Amgen Bulls Position for Strong 2H Amid Core Volume Growth, Pipeline Advancement

Ticker/Price: AMGN (\$244.50)

Analysis:

Amgen (AMGN) with 1500 August \$245 calls bought \$6.80 to \$6.90, setting up nicely below \$248, and saw bullish flow into the August \$240 calls and August 13th (W) calls last week. AMGN had a buyer in late May for \$1.75M in January \$240 calls that is pricing a slight discount to the original purchase today. AMGN is trading in a narrow multi-week range with a breakout targeting a run to \$270 and out of a major weekly range. The \$140B company trades 13.7X earnings, 5.5X sales, and 13X cash with a 2.88% yield. AMGN has seen a steady recovery in their core business since March with the reopening and noted at the Goldman conference in early June that they expect the trend to be more heavily weighted toward the 2H. They continue to see catalysts from volume growth around Repatha, Prolia and Evenity, Otezla and Aimovig while recent FDA approval for their lung cancer therapy Lumakras moves the key asset into early commercialization. AMGN's pipeline has a busy 2H after a recent submission for tezepelumab for severe asthma and Otezla for mild to moderate psoriasis which has a PDUFA in mid-December. Analysts have an average target for shares of \$256 with a Street High \$301 from BMO. The firm was out in late May after the Lumakras early approval expecting a minimal sales impact but accelerated uptake. They also expect positive Phase 1b combo data in Q2 and Phase 2 colorectal cancer data in the second half of 2021 provide additional upside. OpCo raising estimates on 6/7 citing recent updates around Lumakras, bemarituzumab, and talatamab which is showing early but promising efficacy and safety profile in SCLC patients. Short interest is 1.65%. Hedge fund ownership fell marginally in Q1. AMGN has earnings on 8-3, a

Hawk Vision:



Hawk's Perspective: AMGN sets up very well on the chart with explosive potential above the \$255-\$260 range and laggard that has a lot of drivers to help shares re-rate into 2022

Confidence Ranking: \$\$