



## FEATURED OPTIONS RADAR REPORT



### Bullish Amgen Trade Positions for Upside Next 6 Months

Ticker/Price: AMGN (\$233.5)

#### Analysis:

**Amgen (AMGN)** with a sizable trade on 1/6 that bought 1500 June \$235 calls and sold to open 1500 June \$225 puts for a small net credit, a name lacking any real notable size in open interest. On the weekly chart AMGN shares basing along the 50% retracement of the 2020 range while weekly RSI starting to emerge out of a downtrend, typically a signal the trend for shares is inflecting. AMGN has its 89-day and 200-day moving averages just overhead and looking to emerge out of a key volume zone that targets \$250 near-term. The \$134B Biotech has been a laggard the past year and trades just 13.7X Earnings and 5.4X Sales with a 3% dividend yield and significant cash on hand which it could put to use via M&A in 2021. AMGN estimates see revenue growth of around 4% in 2021 and EPS growth of 5%. AMGN has some intriguing new franchises including KRAS and tezepelumab for asthma, and BiTE antibody platform. Key products for Amgen include Evenity, Prolia, Repatha, Aimovig, and Otezla, the latter it acquired in Q4 2019. AMGN also has one of the broadest portfolio of Biosimilars, a key theme moving forward and also sees a growing international presence as a key growth driver including its collaboration with BeiGene (BGNE). Two US launches of sotorasib (potentially 1H) and tezepelumab (2H) are key catalysts in 2021. AMGN's legacy franchises are expected to be less of a drag in 2021 while its growing pipeline of BiTE platform candidates provides potential upside as well as the strong biosimilar growth. Analysts have an average target of \$255 and short interest is low at 1.1% of the float. Goldman has a \$290 target and sees 2021 as a year of commercial execution after late-stage catalysts have played out. OpCo has a \$280 target and sees the impressive Tezepelumab data unlocking a large potential market opportunity. Hedge Fund ownership fell 5.65% in Q3 filings, Aristotle adding to a large position.

#### Hawk Vision:



**Hawk's Perspective:** AMGN has a nice base forming and nice reward/risk versus \$220, this trade structure makes sense for a patient play.

**Confidence Ranking:** \$\$