



Danaher Calls Bought into Rare Dip to 50 Day MA

Ticker/Price: DHR (\$160.75)

Analysis:

Danaher (DHR) reversing off earlier weakness and seeing 1,170 June \$160 calls bought \$8.20 to \$8.50 to open. DHR no longer sees a lot of options activity but as seen opening sellers in March \$170 and \$160 puts 1500X and 1000X while March \$160 calls with 1000 bought on 2/12 in a synthetic long. DHR shares broke some support this week and stopped just above its rising 55 MA, a strong long term trend firmly intact. The \$109.75B maker of life sciences products trades 26X Earnings, 20X EBITDA, 6.1X Sales and yields a 0.42% dividend with a 3.5% FCF yield. DHR has made a lot of portfolio changes the last few years. The moves are ultimately making DHR a more focused entity with better end-markets, margins, and growth prospects. Forecasts see revenues growing 19% in 2020 and 9.5% in 2021 with 23.5% and 13% EPS growth. It now has 3 key segments with Life Sciences, Diagnostics and Environment and Applied Solutions. Analysts have an average target of \$175 and short interest low at 1.3% of the float. ON 2/3 Needham raised its target to \$187 after better than expected results, though the coronavirus a potential near-term overhang, but sees strong upside from the pending GE Biopharma acquisition. Piper thinks 2020 guidance is conservative and ripe for upside. Citi started at Buy with a \$180 target in January. Hedge Fund ownership fell 11% in Q4 filings, Aristotle Capital adding to its large position, a new stake from Orbimed, and the #5 holding for Third Point.

Hawk Vision:



Hawk's Perspective: DHR looks great versus its 50 day here, a top name that is operating in very strong end-markets and likely to continue to be a leading compounder.

Confidence Ranking: \$\$