



## Gilead Calls Bought as Long Weekly Base Builds

**Ticker/Price:** GILD (\$63.85)

### Analysis:

**Gilead (GILD)** buyers active yesterday for 10,000 March \$67.50 calls up to \$0.95 and later 1,200 March \$62.50 calls and 3,000 February 7th (W) \$65 calls. Yesterday's action follows buyers of the January 2022 \$62.50 calls, the February \$70 calls, and February \$60 short puts. Shares are back near the low-end of a year-long range between \$68 and \$62 with MACD nearing a bull crossover and RSI a bit oversold. The weekly continues to show a positive RSI divergence. The \$81B company trades 9X earnings, 3.6X sales, and 16.6X FCF with a 4% yield. GILD sees EPS and revenue growth flat over the next two years, a name desperate for a jolt – whether it be positive data or M&A -- to move it out of this multi-year range. The company has a (relatively) new CEO in Daniel O'Day told a STAT panel in November that with \$25B in cash on the balance sheet the company is 'in an acquisitive mode.' The company did do a \$5B deal in 2019 with Galapagos (GLPG) that allowed them to remain independent while adding significant pipeline assets to their fold. But, until then, the focus is on other deals and organic growth as they build out their oncology assets to add to legacy areas like HIV and hep C. They're also hoping to make inroads into NASH with data due this year. Analysts have an average target for shares of \$79 with 14 buy ratings, 8 hold, and 2 sell. CSFB cutting to Sell in December noting that 2020 remains challenging without a clear vision from the new CEO. Short interest is 1.7%. Hedge fund ownership fell 8.3% in Q3. Sanders Capital a top holder with 11.9M shares.

### Hawk Vision:



**Hawk's Perspective:** GILD has long been a laggard and so many better opportunities in other large Pharma/Bio its hard to justify allocating capital to it, options are cheap for catching quick moves and if trading have a recent low to trade against.

**Confidence Ranking:** \$