



## FEATURED OPTIONS RADAR REPORT



### Bulls Position for Illumina Strong 2<sup>nd</sup> Half

Ticker/Price: ILMN (\$433.85)

#### Analysis:

**Illumina (ILMN)** an interesting trade on 6/8 as 300 December \$460 calls bought to open around \$33 for nearly \$1M and later in the day 100 December \$510 calls bought for \$18. ILMN has not been seeing a lot of option flows of notable size but does still have 1000 January 2023 \$400 calls in open interest form a buyer 2/24 that are -33% and was tied to the sale of January 2022 \$620 calls and the \$470/\$370 bull put spreads 1000X. ILMN is a chart set-up I have been eyeing with shares breaking out of a narrow 2021 value range this week, a large weekly base held firm near the 50% retracement of the March 2020 low to 2021 high and also held right near a retest of a former multi-year triple top level. Shares look to have room to make a run higher as weekly RSI breaks back above 50 and weekly MACD is starting a bull crossover. ILMN is global leader in sequencing- and array-based solutions for genetic and genomic analysis. Its customers include leading genomic research centers, academic institutions, government laboratories, and hospitals, as well as pharmaceutical, biotechnology, commercial molecular diagnostic laboratories, and consumer genomics companies. ILMN announced a key deal last September for GRAIL in an \$8B cash and stock deal. ILMN spoke at the BAML Conference on 5-13 and highlighted the new administration budget proposal with a \$9B increase in NIH funding with a lot going to academic and research. ILMN also outlined the GRAIL deal positioning it in an important \$60B TAM and there have been some concerns with the deal closing, so a potential positive catalyst if it passes regulatory concerns. ILMN currently has a market cap of \$60.8B and trades 60X Earnings, 14.7X EV/Sales and 68X FCF with revenues seen rising 28% in 2021 and 13% in 2022 with EBITDA rising 41% and 16% respectively. Analysts have an average target of \$410 and short interest is low at 2% of the float. Evercore upgraded to Neutral last week seeing a turnaround in the base business. Canaccord has a \$470 target seeing longer term growth opportunities as underappreciated. ILMN has notable concentrated top holders including Baillie Gifford, Edgewood, Polen, and Generation Investment.

#### Hawk Vision:



**Hawk's Perspective:** ILMN has already risen 50 points from the base breakout in May, tough to chase here given the valuation, but also interested on a dip back to \$415.

**Confidence Ranking:** \$\$