



FEATURED OPTIONS RADAR REPORT



Eli Lilly Bulls Active into March Alzheimer's Update, Strong Growth Pipeline

Ticker/Price: LLY (\$202)

Analysis:

Eli Lilly (LLY) has seen a lot of bullish activity in the options market this week that has followed its recent positive Alzheimer's update at the JP Morgan Healthcare Conference. LLY with 1300 January 2023 \$270 OTM calls bought for \$1.755M on 1/21, the June \$165 puts sold to open 1000X, on 1/20 March \$210/\$230 call spreads bought 1000X, on 1/19 the March \$200/\$220 ratio call spreads opening 3500X7000, and also has seen 1000 January 2023 \$220 calls and 1000 June \$175 calls bought. LLY shares with a big breakout move at the \$168 level are extended near-term, but on a dip would set up for nice entry if shares can consolidate. The \$189B Pharma trades 24.7X Earnings, 8.15X Sales and yields 1.68%. LLY is seen hitting 12% revenue growth and 9% EPS growth in 2021 after an impressive 2020 where it posted 9.3% revenue growth and 24.5% EPS growth. LLY is a strong new product story with 60% of sales in 2021 from its newest slate of products. Tirzepatide was a key product discussed at JPM in Diabetes with potential in other indications such as NASH. LOXO-305 is another key asset from its deal for Loxo Oncology while Verzenio another one to watch in breast cancer. Investors will also be watching for mirikizumab data in UC and Crohns. Lebrizumab data for atopic is also expected in 2021 and Olumiant or baricitinib has 2 important events this year. Analysts have an average target of \$195 and short interest low at 0.7% of the float. Mizuho upgraded to Buy with a \$222 target on 1/19 after Phase 2 data from their Alzheimer's antibody donanemab, room for significantly more upside as donanemab adds another important leg to the story and full data expected to be released in March. BAML was out positive in October noting LLY's peer-leading growth profile, strong commercial execution, and quality across oncology, I&I, and Diabetes. Citi opened a positive catalyst watch into March data and has a \$210 target on shares. JPM is at Overweight at sees Alzheimer's data as a potential transformational upside sales driver. Hedge Fund ownership fell 3% in Q3 filings, Winslow Capital a notable top holder.

Hawk Vision:



Hawk's Perspective: LLY really stands out among Pharma peers with an exciting catalyst schedules through 2021 and strong growth profile, a top name to consider if it can pull back to 180.

Confidence Ranking: \$\$