



FEATURED OPTIONS RADAR REPORT



Unusual Large Call Buy in European Pharma with Key 2H21 Catalysts

Ticker/Price: NVS (\$94.45)

Analysis:

Novartis (NVS) traded 11,500 calls on 8/16 which is 27X daily average and all focused on January \$100 calls with over 10,000 bought to open at \$2.05 to \$2.35. NVS does not see a lot of activity but back in January saw January 2023 call buys in the \$110, \$115 and \$130 calls that still have open interest and also has 1250 October \$95 calls bought in OI. NVS is in a long sideways trading range and a move above \$95.35 would break shares out on the monthly with a measured move to \$110 while MACD is gaining and weekly RSI strengthening. NVS is a leading global drug maker powered by advanced therapy platforms and data science. The Innovative Medicines Division researches, develops, manufactures, distributes and sells patented pharmaceuticals, and is composed of two global business units: Novartis Oncology and Novartis Pharmaceuticals which accounts for 80% of revenues. The Sandoz division is a global leader in generic pharmaceuticals and biosimilars and accounts for 20% of revenues. NVS has over 15 blockbusters in its portfolio, and has exposure to all of the major advanced therapy platform that it believes that will shape the industry in the decade to come: cell therapy, gene therapy, radioligand therapy and, of course, RNA technologies. Novartis' pipeline has 116 projects in Phase I and II and 49 projects in Phase III in registration. NVS currently has a market cap of \$230B and trades 14.2X Earnings, 4.5X Sales and yields a 3.4% dividend with revenues seen rising 3-5% the next two years and 7-10% EPS growth. Cosentyx and Entresto are key growth drivers that could provide upside with potential in new indications. Kesimpta and Leqvio are recent key product launches showing strength. These January calls line up well with a PDUFA of 1/1/2022 for Inclisiran. NVS also has five Phase 3 readouts for 2H21. Analysts have an average target of \$105 with short interest low at 0.3% of the float.

Hawk Vision:



Hawk's Perspective: NVS looks great on valuation, technical, and options flow though a bit extended near-term upside calls in the name are cheap considering the potential to \$110.

Confidence Ranking: \$\$