FEATURED OPTIONS RADAR REPORT

Bullish Positioning in Oncology Leader with Growth Drivers Kicking in for 2022

Ticker/Price: SGEN ($172.70)

Seagen (SGEN) attracted a buyer of 916 December $180 calls on 10/15 at $8.50 and continues to have the 1,620 December $185 calls bought for $730K on 8/16 in open interest. SGEN also has the 300 December $140 synthetic long positions in OI. SGEN is slated to report earnings 10-28 and the Biotech M&A environment is heating up into year-end and a potentially higher rate environment, a potential acquisition candidate. SGEN has been trending higher since putting in a strong reversal candle in late July and working out of a long weekly basing pattern. Shares are also now back above VWAP off the record highs and shares back at a 50% retrace level near $174 for resistance. Seagen is a biotechnology company that develops and commercializes targeted therapies to treat cancer. SGEN is commercializing ADCETRIS®, or brentuximab vedotin, for the treatment of certain CD30-expressing lymphomas, PADCEV®, or enfortumab vedotin-ejfv, for the treatment of certain metastatic urothelial cancers, and TUKYSA®, or tucatinib, for treatment of certain metastatic HER2-positive breast cancers. ADCETRIS and PADCEV, are based on our antibody-drug conjugate, or ADC, technology that utilizes the targeting ability of monoclonal antibodies to deliver cell-killing agents directly to cancer cells. SGEN's market cap and trades 13.2X Sales and 12.85X Cash with revenues expected to be down 31% in 2021 after jumping 137% the year prior with Q4 the last hard comp before projected 50% revenue growth in FY22. SGEN recently received accelerated approval of TIVDAK, an antibody-drug conjugate targeted to tissue factor for women with recurrent or metastatic cervical cancer. It is SGEN's 4th approved product as its commercial portfolio has grown from just one product less than two years ago. Catalysts that remain include ladiratuzumab vedotin (LV) in triple negative breast cancer, SEA-CD40 in pancreatic ductal adenocarcinoma, SEA-TGT in solid tumors, and importantly registrational EV-103 Cohort K in 1L metastatic urothelial cancer. ADC 3.0 technology is a key potential driver into 2022, preclinical proof of concept data could be disclosed at the AACR meeting. Another catalyst is resolution of the arbitration between SGEN and Daiichi Sankyo over IP rights to Enhertu with the court case seen in 2022. Analysts have an average target of $190 on SGEN with short interest at 1.5% of the float, very low for a Biotech. Management has noted its $2.5B on the balance sheet for strategic opportunities while also noting its depressed valuation could make it an acquisition target. Goldman has a $223 target and positive on the pipeline. Baker Brothers have over $7B in SGEN stock as its largest position.

Hawk Vision:

Hawk's Perspective: SGEN was a highlight as a bottoming play back in May and now looks poised for a move higher, the pipeline, the commercial strength and the acquisition potential make it a top Biotech.

Confidence Ranking: $$