



FEATURED OPTIONS RADAR REPORT



Seattle Genetics Draws Upside Bets with M&A Potential

Ticker/Price: SGEN (\$154)

Analysis:

Seagen (SGEN) traded 3200 calls on 6/7 with IV30 up 15%, volume 12.8X daily average. SGEN did not see massive trades but interesting buying action in OTM July \$180 and \$200 calls while 300 September \$130 synthetic long positions opened as September calls adjusted. SGEN shares have formed a multi-month base and above \$157 measures to a \$180 target. 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 has a market cap of \$27.7B with revenues seen down 31.6% in 2021 and then rising 50% in 2022 and key launches continue to progress while 2021 growth to be driven by incremental label expansion and additional geographic approvals/reimbursement. SGEN trades 11X FY22 Sales. The next key growth catalysts are seen with an October 10th PDUFA for its fourth commercial drug, tisetumab vedotin (TV) in R/R metastatic cervical cancer; ladiratuzumab vedotin with upcoming monotherapy/combo data to support advancement to pivotal trials in LIV-1 expressing solid tumors; and early stage pipeline catalysts such as Ph1 SEA-CD40 trial in pancreatic ductal adenocarcinoma (PDAC) in 2021. Analysts have an average target of \$195 with short interest low at 2% of the float. Goldman has a \$240 target and sees a 15-30% chance of SGEN being an acquisition candidate. In September 2020 **Merck (MRK)** inked a deal to take up to a \$4.5B stake in **SGEN** at \$200/share. Piper lowered its target to \$160 in April citing a flattening launch trajectory. Hedge Fund ownership rose 11% in Q1 filings, Baker Brothers top position with a \$7B stake.

Hawk Vision:



Hawk's Perspective: SGEN is a former star that has lagged for a while but remains one of the most promising cancer drug names out there, above \$157 looks great with potential M&A upside.

Confidence Ranking: \$\$