



FEATURED OPTIONS RADAR REPORT



Thermo Fisher Calls Position for Rebound

Ticker/Price: TMO (\$457)

Analysis:

Thermo Fisher (TMO) on 5/13 with 1590 each of the September \$470 and \$480 calls bought for over \$6M and a name not seeing a lot of activity but skews mostly bullish including a recent roll to 360 June 2022 \$500 calls. TMO shares recently have pulled back to YTD VPOC and just below its 200-day moving average, the weekly with room to hold trend support and forming a large triangle pattern. The next major support after \$450 is down at \$425 where VWAP from March 2020 lows and a 38.2% retracement level converge. TMO is the world leader in serving science with more than 400,000 customers working in pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies, as well as environmental, industrial quality and process control settings. TMO recently announced a big \$17.4B deal for **PPD** adding to its CRO business. Thermo Fisher has a market cap of \$179B and trades 23X Earnings, 5.6X Sales and 33.5X FCF with a small dividend yield and revenues seen rising 11% in 2021 after 26% growth in 2020, a name seeing strong growth in China. Investors have had some concerns that COVID tailwinds fading will pressure growth. TMO has been expanding margins and cyclical tailwinds and structural growth drivers within the biopharma end market continue to drive growth. Analysts have an average target of \$560 and short interest is low at 0.7% of the float. KeyBanc upgraded to Overweight in March seeing bioproduction growth offsetting declines in COVID diagnostics. Barclays on 3/2 started coverage at Overweight and a \$525 target with its strong historical acquisition record. Hedge Fund ownership fell 1% last quarter.

Hawk Vision:



Hawk's Perspective: TMO is a top quality name though below the 200-day here could slip back to \$425 support, on watch for a trend reversal.

Confidence Ranking: \$\$