



Bull in Insulet Adjusts Position, Sees More Upside

Ticker/Price: PODD (\$105.75)

Analysis:

Insulet (PODD) buyer of 1,955 September \$115 calls for \$5.50, rolling up the \$100 calls which close at \$12 but remaining bullish the name. PODD had a buyer of 300 December \$85 calls last week for \$26.40, a nearly \$800k buy. Shares have been strong since earnings in early May riding the 8-EMA higher and consolidating in a small range now under \$107.80. Major resistance from the mid-2018 highs sits around those levels and a breakout has a long-term measured move to \$130. The \$6.5B company trades 10.8X sales and 20.6X cash and the earliest stages of profitability with expectations for 198.7% and 103.8% growth there through 2021. PODD sees 18.6% and 21.3% revenue growth over the next two years as they continue to penetrate the global insulin market with Omnipod. The company currently estimates their market share is in the low-single digits of the total TAM and further growth will help them drive to their \$1B revenue goal by 2021. Drivers include global expansion, innovation with the product including DASH which helped them scale into Type 1 and Type 2 markets, and their new Omnipod Horizon automated system. Analysts have an average target for shares of \$104 with 8 buy ratings and 2 hold ratings. Canaccord with a \$110 PT for shares positive ahead of a new product cycle with DASH. BTIG upgrading to Buy with a \$115 PT on 5/6. They think the next several quarters will bring more catalyst opportunities through pharmacy access, high interest in DASH, a no-commitment payment model, and "two shots on goal" for automated insulin delivery with Horizon and Loop. The firm also think PODD is somewhat insulated from competition given their patch pump niche. Institutional ownership rose 33.65%. Short interest is high at 12.1% but down modestly in 2019.

Hawk Vision:



Trading Strategy: PODD and DXCM are two major med-tech growth names in this hot space, tough to chase here especially with a weak tape, but a name to keep an eye on when markets get healthier.

Confidence Ranking: \$\$