



## NovoCure Bulls See Record Highs Ahead with Multiple Catalysts

**Ticker/Price:** NVCR (\$53.50)

### Analysis:

**NovoCure (NVCR)** traded 4X daily call volume on Monday with 1,360 of the December \$55 calls active on the open near \$7.50 and saw buyers throughout the session up to \$8.10. NVCR recently saw a buyer of stock sell 1,000 of the December \$70 calls in a covered call position while June call open interest is elevated including 2,500 of the \$50 calls bought back on 3/12. NVCR has also seeing buyers of September and December calls at other strikes, notable bullish flow all year. The \$4.7B med-tech makes a wearable electric field device for treating glioblastoma brain cancer. NVCR is rapidly growing, trading 100X Earnings, and a more appropriate metric is 14.8X EV/Sales with 40% revenue growth in 2018 and forecasts for 36.8% in FY19 and 40% in FY20 while operating at 73% gross margins. NVCR currently has 2 FDA-approved indications and 5 indications in the late-stage pipeline. In 2019 catalysts will include the CMS decision on the coverage request for newly diagnosed GBM, HDE approval for malignant pleural mesothelioma, and the potential launch of Optune in China. It sees massive potential to expand its addressable market to new indications including Non-small cell lung cancer, pancreatic cancer and Ovarian cancer. Analysts have an average target near \$55 on shares and short interest is fairly low at 4.6% of the float for a high valuation growth name. Mizuho has a \$63 target on shares and models for Medicare revenues starting in Q4 2019. SunTrust initiated shares in March noting potential for significant long-term upside over the next few years. NVCR will be presenting at ASCO this weekend. Hedge Fund ownership rose 6.87% in Q1 filings. On the chart shares pulled back to weekly cloud support in April and have since bounced strong back near new highs.

### Hawk Vision:



**Trading Strategy:** NVCR has long been a favorite med-tech name and remains a must own in the group for a long term holder in my view.

**Confidence Ranking:** \$\$