



Call Buyers in Tandem on Sell-Off See Opportunity

Ticker/Price: TNDM (\$67.40)

Analysis:

Tandem Diabetes (TNDM) with buyers of 2,000 July \$70 calls this morning for \$4 and now up over 4,500 trading on the day up to \$4.20 into weakness. TNDM shares are down 8% early but rebounding a bit off the 50-day MA and May VPOC. It continues to consolidate in a nice multi-month range under \$70/\$75 which targets \$95 on a break out longer-term. TNDM has recently seen buyers in the June \$67, \$70 and \$75 calls, the July \$80 calls, and the August \$65 calls. The company reported results from recent studies of their t:slim X2 insulin pump over the weekend which showed positive results without severe hypoglycemic events. The trial looked at using their t:slim pump with software which controls insulin delivery automatically, one of their more exciting new developments called Control-IQ. TNDM expects to file with the FDA in July and launch in Q4, expanding their product portfolio. The \$4.09B company trades 18.4X sales and 32.5X cash with 20% to 24% revenue growth expected in both 2020 and 2021. Analysts have an average target for shares of \$71 with 11 buy ratings and 3 hold. Short interest is 7.6% and down to its lowest level since early 2018, falling since March. Piper positive in May noting that company can continue its "rapid" growth through international expansion. They also note that TNDM can expect to win share as Animas exits the market in September 2019 and patients who took the free MDT 630G in late 2017 are entering a wave of warranty expirations which will put them back into the market again. Institutional ownership fell 3.6%.

Hawk Vision:



Trading Strategy: TNDM has a beautiful technical pattern still intact, though a monster short float remains a concern, but can be played with long stock and married puts, or via upside call spreads.

Confidence Ranking: \$\$