



Neuro Put Sales Confident in Shares

Ticker/Price: NVRO (\$63.6)

Analysis:

Neuro (NVRO) with 500 ITM February \$72.50 puts sold to open yesterday for \$12.50 and follows sellers in the August \$60 puts 1000X and November \$50 puts 1000X over the last two months. NVRO had 500 December \$70 puts sold to open for \$12 in April while the \$45 calls bought 300X for \$21.50. NVRO shares are consolidating in a narrow range under \$68 with a breakout targeting \$78. The 50-day MA is support just below around \$62.50. The \$1.92B company trades 5X sales and 8X cash with 10.6% revenue growth. Shares jumped in March after the CEO departed and the company reached an agreement with Broadfin Capital. The new CEO is expected to lead a turnaround as the company looks to capture a growing market opportunity from their Senzo spinal cord stimulation product. Analysts have an average target for shares of \$59 with 6 buy ratings, 3 hold, and 2 sell. MSCO upgrading to Overweight with a \$70 PT seeing management changes and the new platform disclosed at NANS 2019 represent "a new beginning" with a material change in strategy. The firm also takes the changes as evidence that the board is more committed to execution and shareholder returns. Wells Fargo with a \$75 PT as the firm believes the company has a good product, participates in a healthy, underpenetrated market, and has a "strong and under-appreciated pipeline." BAML with a \$70 PT and Buy rating, they think CEO Keith Grossman is the best SMid cap commercial turn-around CEO in MedTech. NVRO has 12.9% of the float short but down from over 22% in 2017. Hedge Fund ownership rose 15.4% in Q1. Spark Investment and Birch Run Capital notable holders. On 6-10 a director bought \$500,981 in stock at \$61.22 while on 6-7 a different director bought \$100,500 in stock at \$60.

Hawk Vision:



Hawk's Perspective: NVRO has been choppy and a tough one for me to be confident on with the short float but is trading the 50 MA looks like the level to utilize.

Confidence Ranking: \$\$