



Bulls See Inspire Medical Back to Highs

Ticker/Price: INSP (\$61)

Analysis:

Inspire Medical (INSP) on Monday with the November \$62.5/\$70 call ratio spreads opening 750X1500 at net debits and followed the recent buys of 2000 November \$67.5/\$72.5 call spreads, unusual for a name with very little open interest and will capture its next earnings report in November. INSP shares have shown relative strength not far off new highs but did dip below the 21 week moving average last week and fairly oversold. Shares are trading right at one year trend support and retesting the March highs that should now be supportive, an optimal level for shares to base. The \$1.5B med-tech company focused on minimally invasive products/solutions for sleep apnea and its neuro-stimulation technology is disrupting the industry. INSP is trading rich at 17.6X EV/Sales but revenues grew 73.9% and 77% the last two years with 49% growth seen in FY19 and 37% in FY20. INSP offers its solution as an alternative to the 35-65% of non-CPAP compliant patients and sees a \$10B annual opportunity in the US alone. INSP was originally spun-out of Medtronic (MDT). INSP is working with the FDA to expand indication to younger patients and its 5th generation product is in development while the company also is launching Inspire Cloud to allow physicians to monitor patient compliance and therapy efficacy. Analysts have an average target of \$70.50 on shares and short interest remains rather low at 5% of the float for a high valuation name. Dougherty out with a \$78 target last week on positive reimbursement momentum. Hedge Fund ownership fell 11.4% in Q2 filings.

Hawk Vision:



Hawk's Perspective: INSP is a favorite of the med-tech group and although valuation is rich continue to see the long-term upside opportunity.

Confidence Ranking: \$\$