



Novocure Calls Buy into Base Breakout, Big Long-Term Opp.

Ticker/Price: NVCR \$79

Analysis:

Novocure (NVCR) with late day buyers of 475 December \$77.50 calls up to \$6.50 and follows buyers in the January 2021 \$80 calls recently. NVCR has notable open interest in the December and March calls as well from earlier this Summer. Shares are starting to work out of a multi-month base after pulling back just above the 200-day MA. NVCR rallied strong from the December lows and now pulling back to the 50% retracement at \$70. The \$7.45B company trades 23.8X cash and 24X EV/sales with near 30% revenue growth the next two years. NVCR is in the early stage of profitability and expects to earn \$0.80 in FY21 up from \$0.31. NVCR continues to grow their revenue mix outside the US with significant opportunity in EMEA and Japan while reimbursement has grown to over 400M patients. NVCR has a number of Phase 3 trials in progress in further indications like brain metastases, NSCLC, pancreatic cancer, ovarian cancer, and liver cancer. They see sizable market expansion over the next five years. Analysts have an average target for shares of \$79.50. Oppenheimer raising their PT to \$97 on 9-13 with the analyst now better appreciating the incremental Optune GBM revenue potential if used in conjunction with radiation therapy and that while a registrational trial and regulatory approval will be required prior to use, she views this incremental patient pool as "low hanging" opportunity beginning in 2023. Sun Trust upgrading to Buy in July. Short interest is 4.1%. Hedge fund ownership fell 2.25%. Darsana Capital, Farallon Capital, and Ren Tech notable holders.

Hawk Vision:



Hawk's Perspective: NVCR looks great here to move out of this range and can be managed against last week's lows and the rising 8-EMA for a trade.

Confidence Ranking: \$\$