



Unusual Call Buying in NuVasive

Ticker/Price: NUVA (\$55.35)

Analysis:

Nuvasive (NUVA) yesterday with 325 May \$60 calls bought aggressively for \$4.50 and name with bullish open interest including 1,800 December \$60 calls from 3/27 bought for more than \$900k. NUVA has 600 April \$55 calls expiring this week and some small June \$50 calls in OI from buyers in early March. Shares have rallied nearly 100% off the March lows and now back at 2020 VWAP around \$58 as well as above the 50% retracement of the yearly range. NUVA has a small volume gap here back to \$64 and the 200-MA. Longer-term, shares held the 61.8% Fibonacci of the big bull run from 2012 to 2020. The \$2.88B med-tech company trades 19.82X earnings and 2.45X sales with minimal debt and a Current Ratio of 3.7X. NUVA produces minimally invasive surgical products for spinal surgery with a focus on fusion applications. The company is coming off a strong quarter with 10% growth in hardware sales led by adoption of their X360 system. NUVA has been developing a robotic surgery application, Pulse, which has had its commercial launch pushed back again with first-in-person tests expected by year-end. The FDA cleared the platform in July. CEO Chris Barry said in March that delay could have positive long-term effects as a slow, smooth release is better than rushing the system out. Analysts have an average target for shares of \$73.25. Baird upgrading to Buy on 4-8 expecting the company will likely make internal progress with Pulse Robotic development efforts which will narrow the lead on competitors. CSFB with a \$74 PT citing new product launches and solid overall execution. Short interest is 7%. Hedge fund ownership rose marginally in Q4. Anchor Capital and Hood River notable owners.

Hawk Vision:



Hawk's Perspective: NUVA is a favorite small med-tech M&A target in my view but also tough to buy after this sharp rally knowing elective procedures are being delayed and trading near 20X earnings.

Confidence Ranking: \$\$