



## Quidel Explosive Move Seen Extending Much Further

**Ticker/Price:** QDEL (\$179)

### Analysis:

**Quidel (QDEL)** on 5/13 with real interesting options activity as the December \$300 calls saw buyer flow for more than 2300X up to a block of 700 at \$9.60 and followed 500 that opened on 5/12 above \$11. Those calls require shares to nearly double by year-end. QDEL still has 1500 deep ITM May \$75 calls in open interest from a 4/15 position that has rolled multiple times, and recently seen buyers in some June upside calls. QDEL shares pulled back the last two days with the market but bounced strong off the rising 8 day moving average on Wednesday. QDEL has been in a parabolic move this year with shares +140% YTD as diagnostics take focus with the COVID-19 pandemic. QDEL recently received FDA approval for its antigen test which will be a major factor for reopening global economies. QDEL has long been a top pick and now trading 29X earnings and 55X FCF with a \$7.4B market cap. QDEL provides testing solutions for infectious diseases, cardiology, women's health, toxicology and a vast number of general health conditions. QDEL sets up well in the Point-of-Care testing market which is benefiting from a secular shift towards more quick-service healthcare services like expanded urgent care, pharmacies, and retail clinics. They have a deep pipeline with over 30 FDA approvals since 2011 and their Savannah platform a big potential launch in the next 12-18 months in the high-growth molecular diagnostic segment. QDEL noted last call it sees it becoming a flagship product over the next 2-3 years and may equal the Sofia franchise in importance Total revenue for Q1 was roughly \$175 million, driven by \$80 million in Influenza testing revenue, which demonstrated the strength of the Sofia franchise and shows what leveraging 43,000 analyzers looks like. Analysts have an average target of \$169 and short interest at 7.5% of the float rising 25% Q/Q. JP Morgan downgraded shares this week on valuation and skepticism on the value of its COVID-19 test opportunity. Craig Hallum raised its target to \$170 noting the scale/ability to perform mass COVID\_19 testing and flue testing and drive the pandemic-forced expansion of point-of-care diagnostics. Hedge Fund ownership rose 1.6% in Q4 filings, Brown Capital with a large position though reducing its stake.

### Hawk Vision:



**Hawk's Perspective:** QDEL may seem crazy buying up here but this action is very interesting and the name is a favorite, I see it being a name that can grow for many years and become a Healthcare leader.

**Confidence Ranking:** \$\$