



## Large Call Buy Bets on Tandem

Ticker/Price: TNDM (\$81)

### Analysis:

**Tandem Diabetes (TNDM)** buyers on Friday of more than 1,600 November \$80 calls up to \$14.10, sizable positioning in the name, and follows buyers in the August \$100/\$120 call spreads and Nov. \$70 calls recently. TNDM has seen some smaller, high-dollar trades including the Jan. 2022 \$70 calls for \$30.60 in late May and the January \$65 and \$75 calls in 2019 that remain in OI. Shares forming a powerful bull wedge pattern after pulling back to the rising 55-MA and YTD VPOC. A move above \$85 sets up for new highs above \$95 while the longer-term range break-out and re-test has upside to \$120. MACD is right back at zero while RSI is coiled under 50, both ready to run. The \$4.78B company trades 12X sales and 29.8X cash with virtually no debt. TNDM is in the early stages of profitability with expectations for \$0.50/share in FY after losing \$0.55 in FY20. TNDM has seen strong uptake for their next-gen insulin pump, the t:slim X2, which has disrupted the traditional space with their smaller, digital-forward device. They've shipped over 150,000 since launch with a long-term goal of 500,000 by 2025 driven by an expanding product pipeline, continued growth with the US market where only 30% of patients are on pump, and International growth where penetration is even smaller. TNDM also sees a huge opportunity to add new patients through expanded reimbursement and capturing new share as outdated legacy products go off warranty. TNDM presented positive data for t:slim X2 with Control-IQ this weekend at the ADA conference, "demonstrating" statistically significant improvements in sensor Time in Range in people living with both type 1 and type 2 diabetes with no increase in hypoglycemia." Analysts have an average target for shares of \$88. Piper's recent endocrinologist survey very positive with responses indicating that use of continuous glucose monitoring and insulin pumps is likely to continue to "march higher at a robust clip," with uptake in the type-2 market in-line to better than modeled for both pumps and monitors. Citi with a \$94 PT noting that while new patient adds will slow during COVID-19, demand for new tech is significant. Short interest is 6.5% and down from 11.8% in January. Hedge fund ownership rose 8% in Q1. Driehaus, Wellington, and Parian Global all buyers.

### Hawk Vision:



**Hawk's Perspective:** TNDM sets up great and looking for this pullback trend breakout to trigger, though **DXCM** my preferred Diabetes tech play.

**Confidence Ranking:** \$\$