



## FEATURED OPTIONS RADAR REPORT



### DexCom Put Sales See Floor Ahead of G7 Launch in 2H

**Ticker/Price:** DXCM (\$402.50)

#### Analysis:

**DexCom (DXCM)** with an opening sale of more than 4,600 March \$350 puts this morning for \$3.20/\$.10 and later some smaller March \$360 puts sold to buy the \$460 calls. DXCM recently saw some smaller June \$370 put sales and March \$370/\$420 call spreads bought while 500 January 2023 \$350 calls remain in OI from 12/28, a more than \$5M position. Shares pulled back on Friday to the rising 21-MA and bounced strong, closing green, and now setting up under \$415 for a small breakout. DXCM is in a strong long-term trend and recently cleared a downtrend from the July highs with a move back above \$440 targeting \$560. The \$39.4B company trades 118X earnings, 21.5X sales, and 14.5X cash with low-20% growth. DXCM sold off initially on earnings last week as they plan to boost spending in 2021 to aggressively go after growth with the new G7 monitor expected to be launched the 2H. They also continue to invest in their DTC business, sampling, and new geographic markets which will be key to capturing the huge potential for the CGM market and increased adoption by new patient groups. Short interest is less than 4%, down from as much as 14% in late 2018. Hedge fund ownership fell marginally in Q3, Lone Pine a top holder. Analysts have an average target for shares of \$430 with a Street High \$500 from Piper in January. The firm was out defending shares on Friday noting that heightened spending will yield significant revenue and earnings growth in the future. Longer-term, the analyst is "all in" on the continuous glucose monitoring category and the company's position within it and anticipates the CGM and general sensing category will remain one of the best secular stories in all of med tech for years to come.

#### Hawk Vision:



**Hawk's Perspective:** DXCM lost a step in 2020 to **ABT** and even **PODD** but there's a lot of anticipation for their G7 launch later this year which could help them regain their momentum, above \$415 sets up for trend continuation higher while the 21-day is a nice level to lean against

**Confidence Ranking:** \$\$