



FEATURED OPTIONS RADAR REPORT



Bulls Position for Upside into Catalyst Rich 2H in Cancer Screening Company

Ticker/Price: GH (\$35.9)

Analysis:

Guardant Health (GH) shares are lower by 65% YTD and now considered a small cap at a \$3.15B market cap but has been seeing an unusual amount of bullish options activity since the start of May. GH has seen the December \$30 calls open 1350X for \$1.5M, the September \$60 calls bought 1300X for \$1.375M, the July \$80 calls bought 1300X for around \$900K, the December \$25 calls bought 1000X for \$700K and more scattered activity of call buying and some recent put sales. GH has been under pressure with the long-duration names and last week hit lows that were near its 2018 IPO levels. Guardant is a leading precision oncology company focused on helping conquer cancer globally through the use of its proprietary tests, vast data sets and advanced analytics. Guardant SHIELD is a blood test for cancer screening in average-risk adults without symptoms, that detects very early signs of cancer by interrogating genomic alterations, methylation, and fragmentomic signals from a simple blood draw. Guardant360, Guardant360 LDT, Guardant360 CDx and GuardantOMNI are liquid biopsy-based tests for advanced stage cancer. Guardant spoke at the JPM Conference earlier this year on its early success achieving Guardant 360 coverage for over 200M lives, the world's first comprehensive liquid biopsy FDA approval, and over 100 Pharma partners. It sees its Precision Oncology platform serving as a critical foundation in transforming cancer management across the entire continuum of care with an \$80B TAM. GH likely has a major catalyst coming with its lung cancer screening study, ECLIPSE, readout expected this Fall, while other catalysts include data on MRD and avg. risk multi-cancer screening in expanded cohorts. GH currently has a market cap of \$3.15B and trades 7X EV/Sales while profitability remains very uncertain and far in the future. Analysts have an average target of \$120 with short interest low at 4% of the float. MSCO has an Overweight rating saying GH is extremely well positioned in the attractive liquid biopsy vertical, with room for multiple competitors in the space in light of the low levels of penetration today. They see building evidence of clinical utility and adoption of G360 driving additional payor coverage, with the TissueNext test further enhancing the therapy selection value proposition, against the backdrop of an easing COVID overhang on the company's performance. They see GH transitioning into a platform play offering both tissue and liquid biopsy testing, with growth driven by pipeline products (GH Reveal/Response and soon, LUNAR-2/SHIELD) for recurrence/response monitoring and early detection across multiple tumor types, which unlock significantly larger TAMs vs. therapy selection alone. Citi recently lowered its target to \$100 noting the importance of the ECLIPSE study catalyst. BTIG started at Buy in April with a \$115 target positive on upcoming product launches.

Hawk Vision:



Hawk's Perspective: GH carries plenty of risk into the ECLIPSE readout and as a long-duration type but also could be a name we look back at in ten years not believing it ever traded this low as it has potential to develop as a game-changer in cancer screening and likely attract M&A interest with successful clinicals.

Confidence Ranking: \$\$