



Bulls Position for Eye Product Company with Transformational Event Near

Ticker/Price: GKOS (\$53)

Analysis:

Glaukos (GKOS) interesting trade on 8/4 bought 2000 December \$57.50 calls for \$1.16M and sold 2000 of the August \$52.50 puts, and already as 2000 of the August \$52.50 calls bought for \$6230K on 7/15 in OI. GKOS shares are an impressive +19% YTD and last week a multi-week strong trend-rally stalled at a key volume shelf and just above its 200-MA with a consolidation pattern starting. Shares traded near \$95 in 2021 and VWAP off highs is at \$58. A move above recent highs near \$55 would be a major trend inflection as weekly RSI cleared 50 and MACD in buy-zone. Glaukos is an ophthalmic medical technology and pharmaceutical company focused on developing novel therapies for the treatment of glaucoma, corneal disorders, and retinal disease. GKOS developed Micro-Invasive Glaucoma Surgery (MIGS) as an alternative to the traditional glaucoma treatment paradigm. Ophthalmic diseases and disorders are a national and global health concern and, as the population ages, the number of individuals with vision impairment and blindness is increasing. U.S. Glaucoma volumes were negatively impacted during Q3/Q4 2021 as typical customer ordering patterns were disrupted and trialing of competitive products increased in anticipation of the potential 2022 CMS physician and facility fee reimbursement rate decreases becoming effective as originally proposed in July 2021. GKOS completed patient enrollment and randomization in Phase 3 clinical trials in 2021 for *iDose TR* and now anticipate submitting a new drug application (NDA) in 2022 with potential FDA approval of this product in 2023 while Phase 3 upcoming data a key catalyst for shares. GKOS sales are broken into 50% US Glaucoma, 26% International Glaucoma and 24% Corneal Health. GKOS sees a massive TAM opening to \$60B in 2030 from \$2B currently with new products and platform/programs. GKOS has a market cap of \$2.45B and trades 8.35X Sales with revenues seen down 5.5% in 2022 before growth accelerates in 2023. GKOS has a seven-year sales CAGR of 30% and has \$425M in cash. Surgeon adoption and utilization of iAccess continues to grow and market feedback remains positive. GKOS also commenced initial commercial launch activities for iPrime, its innovative new viscoelastic delivery device. Last week GKOS received FDA 510(k) clearance for iStent infinite, its novel 3-stent injectable system designed to provide foundational 24/7 IOP control for glaucoma patients. GKOS notes it is in the midst of several new product launches and are planning for a robust cadence of new dropless platform and product introductions over the coming years that have the potential to fundamentally transform Glaukos over time and meaningfully advance the standard of care and improve outcomes for patients suffering from sight-threatening diseases. Analysts have an average target of \$61 with short interest low at 4% of the float. Stifel upgraded to Buy on 7/12 positive on new products and sees *iDose* a potential \$1B valued product.

Hawk Vision:



Hawk's Perspective: GKOS is a favored small cap and own it for the long-term, though admittedly a lot rides on the upcoming *iDose* data and approval process. It has a ton of new products in a niche area and would make an excellent M&A target down the road.

Confidence Ranking: \$\$