



## Bullish Positions in Inovalon as Shares Look to Break to Multi-Month Highs

Ticker/Price: INOV (\$20.25)

### Analysis:

**Inovalon (INOV)** a name holding up well with the recent market selloff and has some notable bullish open interest with 3500 February \$20 short puts in open interest and over 4000 of the \$22.50 calls bought. INOV shares have broke out of a long term rounded base pattern that measures to an upside target of \$27. The \$3.2B company provides cloud-based platforms empowering data-driven healthcare and shares trade 34.9X Earnings, 39.7X FCF and 6.2X EV/Sales. INOV forecasts are looking for 10.2% revenue growth in 2020 after 21.5% growth in 2019. The CEO was an active buyer of the stock in the \$13.22 to \$13.60 in May 2019 for over \$1.83M. INOV is a software transition play as it moves into a SaaS and analytics platform. INOV is coming off a very strong 2019 and has a lot of momentum into 2020 with the Healthcare Tech space seeing increased M&A. The market for data-driven healthcare solutions continues to expand, now estimated to be approximately \$161Bn in 2020. The expansion of Inovalon's capabilities over the same period has resulted in a near tripling of the portion that the Company's capabilities can serve today from approximately \$10.6Bn to \$27Bn over these four years. Demand for Inovalon's cloud-based platforms and data-driven capabilities is driving expansion not only in the Company's original area of focus, the payer landscape, but also in the pharmacy/life sciences and provider landscapes, resulting in greater diversification of revenue and an expanding number and scale of cross-adjacency opportunities. Analysts have an average target of \$18.50 on shares and short interest elevated at 11.5% of the float though down 27% Q/Q. INOV is coming off a beat and raise quarter and should report again in the third week of February. There has not been a lot of analyst coverage, Citi starting at Buy back in October with a \$21 target seeing a disconnect to peer valuations during its transition period. Hedge Fund ownership fell 26.8% in Q3 filings.

### Hawk Vision:



**Hawk's Perspective:** INOV relative strength is impressive and the company has clear fundamental momentum s well, a nice looking own to let this February open interest play out.

**Confidence Ranking:** \$\$