



FEATURED OPTIONS RADAR REPORT



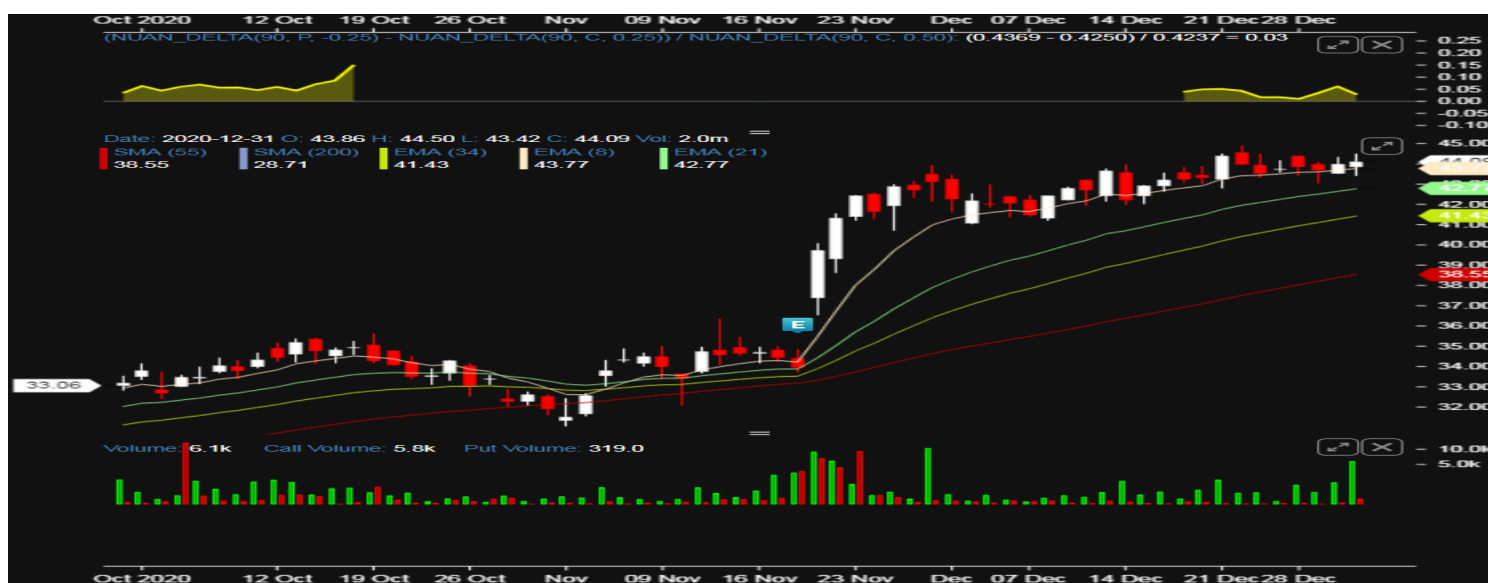
Nuance Bulls Position for Strong 2021

Ticker/Price: NUAN (\$44)

Analysis:

Nuance (NUAN) on 12/31 with 4000 August \$45 calls unusually active and nearly all added to open interest with size buyers paying \$5.40 to \$6, so over \$2M. NUAN previously with August \$50 calls bought 1000X but otherwise limited notable open interest. NUAN shares gapped strong on earnings in November and have continued to trend higher with \$50 a clear target out of this \$40/\$45 trading zone. The \$12.5B software company is focused on Artificial Intelligence (AI) solutions for everyday work and life improvement. NUAN has an interesting opportunity to disrupt the Healthcare industry with its Nuance DAX solution to the physical and virtual exam room, its sophisticated conversational AI and ambient technology captures and contextualizes the patient encounter, which is then available in the EHR for the physician's review and signature. NUAN has moved Dragon Medical One (DMO) to the cloud and is expanding addressable markets. NUAN estimated DMO penetration at 43% last quarter. NUAN is also winning deals in Retail and its breadth of solutions from security and biometrics to digital to conversational AI creates an attractive suite of solutions. NUAN currently trades 51X Earnings and 10X FY21 EV/Sales with revenues seen down 8.5% in 2021 though deceiving as it is a model transition name. Analysts have an average target of \$43 and short interest at 8% of the float is up 20% Q/Q to a three-year high. Leerink raised its target to \$47 on 12/7 citing top tier management, strong execution, favorable market positioning and a strong product suite to address challenges in the Healthcare system. Wedbush in November raised its target to \$45 citing Healthcare Cloud as the star driving strong results and has multiple years of momentum ahead for DAX. NUAN also divested its HIM Transcription and HER Go-Live businesses which has been a drag on growth and margins. Hedge Fund ownership rose 7.9% in Q3 filings, Viking Global a top buyer along with Coatue, Lone Pine, and Melvin.

Hawk Vision:



Hawk's Perspective: NUAN is transforming into a more attractive high growth software story and love its positioning in Healthcare as well as the expanding need for AI in other verticals, a likely top performer in 2021.

Confidence Ranking: \$\$