



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Healthcare Compounder Ahead of Key Late-Year Catalysts

Ticker/Price: NVTA (\$31.80)

Invitae (NVTA) another 1,500 June \$30 calls bought this morning for \$7.50 to \$7.60, volumes now running over 3,600X and also seeing October calls active with IV30 edging higher. NVTA has a lot of size open interest including buyers recently in the March \$30 calls and sellers in the March \$22.50 puts while the December, January, and Jan. 2023 expirations have all seen size buyers since February. Shares making a strong move today and forming a wide multi-month base under the 200-day just above at \$37.25. A breakout move would target \$45 and the top of yearly value. The \$6.32B company trades 16.25X sales and 4X cash. NVTA has been squarely focused on M&A recently as they build out a vast portfolio of offerings within the genetic testing space as they anticipate genetics will become a much more primary part of medicine over the next decade. They have wide reach now across prenatal, pediatrics, and adult diagnostics which they see positioning themselves well across many large markets. NVTA sees genetic testing for children under 17 as a \$26B market alone while risk screening and other testing for adults 40+ is a \$120B market opportunity. The company made a small deal on 9/7 for Citizen, a patient-centric consumer health tech company, and follows more than 17 other deals in the last few years. In early August, Bloomberg reported the company itself was approached by Exact Sciences (EXAS) about a potential merger, likely 'low-premium and all-stock.' NVTA's CEO said at a conference later that consolidation in the industry was inevitable as the industry 'tightens up.' Analysts have an average target for shares of \$42 with a Street High \$58. Benchmark upgraded to Buy on 8/4 citing a return to revenue growth 'normalcy' as well as upcoming catalysts that include commercial launch of the ArcherDx Personalized Cancer Monitoring test by the end of 2021 and launch of STRATAFIDE, a pan-solid tumor in vitro diagnostic, in 2022. Short interest is high, around 15.5%. Hedge fund ownership fell 5% last quarter, Light Street Capital a buyer of 1.8M shares.

Hawk Vision:



Hawk's Perspective: NVTA has underperformed in 2021 and set up as a 'show me' story after their run of deals but certainly sets up nicely on the chart for an extended run above \$35 and they're building a nice portfolio in an exciting space

Confidence Ranking: \$\$