



## Upside Calls Hot in Innoviva

**Ticker/Price:** INVA (\$18.95)

### Analysis:

**Innoviva (INVA)** strong name lately and right off the opening bell seeing unusual 975 March \$17.5 calls bought \$2.35 to \$2.60. **INVA** calls rising to 1,700X and previously with buyers in March \$15 calls that have 1,741 in OI and March \$20 calls with 1,197 in OI. The \$1.84B Biopharma trades 9.3X Earnings and 7.35X Sales. INVA is seeing 21% topline growth this year after 62.6% growth in 2017 and sees solid growth for 2019. INVA's existing platform is partnered with Glaxo (GSK) to address a \$20B market in respiratory treatments. INVA also has a long duration royalty portfolio. It has seen strong growth with strong cost controls and reduced its share count by 9% since Q1 2015. It is well capitalized and its BREO ELLIPTA is gaining market share as is ANORO ELLIPTA. It sees long term drivers for the COPD market with aging populations and earlier diagnosis and the Asthma market continues to be stable as well. Analysts have an average target of \$15.50 on shares and short interest is elevated at 26.5% of the float at a new 1 year high. Berenberg started coverage at Buy back in April with a \$22 target. MSCO was positive in June as Mylan's generic Advair was delayed. Hedge Fund ownership rose 11.9% last quarter with Renaissance Tech a top buyer, and Glaxo (GSK) has a 31.4% ownership stake.

### Hawk Vision:



**Trading Strategy:** INVA is a bit extended near-term but has shown impressive strength and the fundamentals look strong, though short interest is a concern to be following the options flow. It feels like it can eventually be acquired by GSK, so will continue to monitor.

**Confidence Ranking:** \$\$