



Quidel Attracts Call Buys as Shares Look for New Highs

Ticker/Price: QDEL (\$78.5)

Analysis:

Quidel (QDEL) with buyers of 400 March \$75 calls this afternoon for \$7.50 to \$7.60 and follows some adjustments recently that bought 1,300 March \$65 calls for \$1.6M and 1,000 March \$60 calls for \$1.59M. Shares pulled back recently to December value-area and bouncing back near 52-week highs despite some overall market weakness. QDEL shares moved out of a wide weekly range in early January above \$75 that measures up to \$100. The \$3.45B diagnostics company trades 26.15X earnings and 6.7X sales with low-double digit EPS growth and revenues poised to accelerate 4%+ annually. QDEL provides testing solutions for infectious diseases, cardiology, women's health, toxicology and a vast number of general health conditions. The company could see a boost with a run in testing as the coronavirus spreads as well. QDEL sets up well in the Point-of-Care testing market which is benefiting from a secular shift towards more quick-service healthcare services like expanded urgent care, pharmacies, and retail clinics. They have a deep pipeline with over 30 FDA approvals since 2011 and their Savannah platform a big potential launch in the next 12-18 months in the high-growth molecular diagnostic segment. Short interest is 4.6% and near multi-year lows. Hedge fund ownership fell 7% in Q3. Analysts have an average target for shares of \$75.25. Canaccord raising their PT to \$75 in November noting that 2020 is a big new product launch year but that 2021 will be even bigger. The firm is positive on how QDEL plans to leverage its large installed base of Sofia analyzers and continue to roll out new assays with the expected rollout of Savannah in 2021 poised to mark another inflection for the company.

Hawk Vision:



Hawk's Perspective: QDEL was another top pick for 2020 and love the diagnostics space and it as a company.

Confidence Ranking: \$\$