



FEATURED OPTIONS RADAR



Medical Device Disruptor in Large Market Draws Upside Option Trades

Ticker/Price: SWAV (\$182)

Analysis:

ShockWave Medical (SWAV) saw an interesting large trade on 12/1 as 750 April \$200/\$250 call spreads bought to open for \$9.60 and follows 500 January \$180/\$200 call spreads on 11/8. SWAV shares have been weak under pressure, down 11% YTD, but have rallied the last three weeks right off the 200-week moving average and closed last week strong after also holding key value support at \$158. SWAV remains in a weak trend but can work higher to the 21-week near \$191 and upper value of the range near \$225. SWAV is a medical device company focused on developing products intended to transform the way calcified cardiovascular disease is treated. SWAV is establishing a new standard of care for the treatment of calcified cardiovascular disease via proprietary local delivery of sonic pressure waves, a minimally invasive, easy-to-use, and safe way to improve outcomes for patients with calcified cardiovascular disease. Atherosclerosis is a common disease of aging in which arteries become narrowed and the supply of oxygenated blood to the affected organ is reduced by the progressive growth of plaque. The aggregate addressable market for IVL is estimated to be over \$8.5 billion and a potential total addressable market of over \$3 billion to treat AS. SWAV has a market cap of \$6.7B and trades 40.75X Earnings, 9X EV/Sales and 47X FCF. SWAV revenues are seen growing 26% in 2024 and 22% in 2025 following 48% growth in 2023 while EPS is seen rising 24.7% in 2024 and 31.3% in 2025, accelerating from 13.5% growth in 2023. SWAV has faced headwinds from new Aetna procedures in Peripheral. The physician fee CPT code that will go into effect in January, that results in roughly a 30% increase in physician payment when you use Shockwave in a PCI versus just a standard PCI is a key tailwind into 2024. C2+ is the current product focus with JAVELIN and Arrow for 2025/2026. Analysts have an average target of \$242.50 with short interest at 4.6% of the float up 148% Q/Q. Leerink started shares Outperform in October with a \$263 target noting IVL is highly underpenetrated and sees recent pricing issues as transient with upcoming new product and reimbursement tailwinds.

Hawk Vision:



Hawk's Perspective: SWAV struggled in 2023 but the broader opportunity is intact and looks positioned well for 2024 while remaining a potential M&A target.

Confidence Ranking: \$\$