



## FEATURED OPTIONS RADAR REPORT



### Large Call Buys See Major Long-Term Upside for Future Healthcare Services Leader

**Ticker/Price:** TDOC (\$149.25)

#### Analysis:

**Teladoc Health (TDOC)** with unusual action on 8/6 as 10,000 January 2023 \$360 far OTM calls were bought to open \$4.30 to \$5 with shares below \$150. TDOC has also been seeing some bullish longer-dated strategies with 2000 January 2023 \$140 calls bought for \$7M on 7/28 while December 2022 \$190 calls and \$145/\$120 put spreads sold to open. TDOC also on 7/15 with 1000 Dec. 2022 \$175 calls bought for \$2.3M, on 7/7 the Jan. 2023 \$170 calls bought 1000X for \$3.4M with the June 2022 \$200 calls and \$155/\$130 put spreads sold to open, and on 5/5 the Jan. 2023 \$130 calls bought 3000X for \$15M. TDOC shares have pulled back with the rest of the pandemic-beneficiaries but does sit just above a 61.8% Fibonacci level of \$143.45. TDOC shares need to get back above \$160 to start inflecting the trend. TDOC is the largest and most trusted global leader of comprehensive virtual healthcare services. TDOC sees the trend towards virtual care continuing and has a portfolio of services and solutions covering hundreds of medical subspecialties from non-urgent, episodic needs like flu and upper respiratory infections, to chronic, complicated medical conditions including diabetes, hypertension, cancer and congestive heart failure. TDOC merged with Livongo in 2020, the leader in digital chronic condition management solutions for employers and health plans. The combined company's platform features the full range of health support – from AI engine-driven “nudges” and health coaches to therapists and board-certified physicians and the world's leading specialists – available anytime, anywhere to ensure the right care is always delivered. TDOC currently has a market cap of \$24.4B and trades 12X EV/Sales with revenues seen rising 85% in FY21 and then normalizing to 25-30% annual growth while EBITDA turning strongly positive in FY21 and seen growing to near \$1B in FY24 from \$32M in FY19. Analysts have an average target of \$200 with short interest at 12.4% of the float. Argus cut shares to Hold last week on concerns with rising operating losses due to marketing, sales and tech costs and expressed concerns with new competition in the space. Leerink lowered its target to \$218 on 7/28 and notes TDOC is a core long-term holding. Citi lowered its target to \$225 and like many firms sees near-term headwinds from post-pandemic sentiment and expects the pessimism to last until early 2022. Hedge Fund ownership fell 3.75% last quarter, Ark Investment with a \$2.66B stake has been actively buying shares as its second largest position.

#### Hawk Vision:



**Hawk's Perspective:** TDOC growth and business momentum remain very strong but the tough comps persist through 2021. It should be a major winner in a big secular trend shift and see it maintaining a leadership position, so these longer term positions are very interesting and worth taking notice. Near-term, a move above \$154.25 is bullish.

**Confidence Ranking:** \$\$