



## Large Call Buys into Align tech Weakness

**Ticker/Price:** ALGN (\$235)

### Analysis:

**Align Tech (ALGN)** with \$3M in calls bought the opening 20 minutes with 1,430 July \$240 calls opening \$22.90 to \$23.50. ALGN shares are down 7.5% this morning after closing 12 Invisalign store in a arbitration ruling and booking a Q1 charge. ALGN has previously seen buyers in the \$230, \$260 and \$270 calls as well as 1,000 April \$185 short puts. ALGN shares are pulling back to near the 50 day MA at \$227 while true volume support is near \$220. The \$20.45B med-tech leader trades 36.85X Earnings, 10.4X Sales and 77.25X FCF. ALGN is set to finish 2018 with 33.5% topline growth and sees 23% growth each of the next two years. Analysts have an average target of \$275 and short interest at 4.5% of the float has been rising early in 2019. UBS cut shares to Neutral with a \$275 target on 2-14 noting declines in ASPs but annual price increases mid-year should be a boost. It continues to have dominant market share and best-in-class technology in an underpenetrated market. ALGN remains a leader in the clear aligner space which has a massive TAM, over 12M ortho cases globally where they estimate just a small fraction have been served. The company is expanding their digital services and new product offerings in areas like MA in 2019 which should help them gain share in an overly competitive space. ALGN especially sees a big opportunity in emerging markets and focused on Brazil which is the second largest market for cosmetic procedures. RW Baird defended shares this morning with a \$286 target. Hedge Fund ownership fell 3.6% in Q4 filings, Polen Capital reducing its position while Tybourne, Melvin and Viking Global took new positions.

### Hawk Vision:



**Trading Strategy:** ALGN is still a great long term own and want to see this sell-off settle out before taking a new position, also figure we see more flows in coming days/weeks.

**Confidence Ranking:** \$\$