



OptionsHawk

Wright Medical Attracts Longer Dated Bullish Positioning

Ticker/Price: WMGI (\$27.40)

Analysis:

Wright Medical (WMGI) trading 6X daily calls on the opening hour with 1,500 January \$27.50 calls opening near the money \$2.90 to \$3.30 and also trading 640 OTM \$32.50 calls. WMGI still has 2500 November \$35 calls in OI from a 4/24 trade, and a lot of size in August \$25, \$27.5, and \$30 strike calls. WMGI has been a laggard this year and has pulled back to 18 month trend support as well as the rising 89 week MA and weekly cloud support, basing above a key \$25.85 level. A Director bought 20,000 shares at \$26.83 in December. The \$3.4B maker of medical products for the extremities trades 3.9X Sales and sees revenues growing 15% this year and 11% next year, well above its recent growth rates. WMGI will next report on 8/7. WMGI has 73% exposure to the US and sees itself having multiple growth drivers with an accelerated path to profitability and a stronger financial profile. Analysts have an average target of \$36 and short interest high at 13% of the float but hitting a one year low. Needham lowered its target to \$33 yesterday citing investor concerns with the Cartiva product, though still positive with a Buy rating. RBC lowered its target to \$34 on Cartiva concerns as well. Cantor has a \$39 target after last quarter citing strength in all of WMGI's segments with upper extremities growing 3X the market rate. Orbimed Advisors has a 2% weighting in WMGI. Wright Medical could attract M&A interest as a name trading fairly cheap on a sales basis and down on some operational issues.

Hawk Vision:



Hawk's Perspective: WMGI open interest in August intrigues me though it still has a weak technical trend with a high short float, so any long should be paired with puts for protection in my view.

Confidence Ranking: \$\$