



## Entegris Calls Adjust, Strong Semi Growth Play

**Ticker/Price:** ENTG (\$44.40)

### Analysis:

**Entegris (ENTG)** with 1150 November \$45 calls bought today for \$2.45, adjusting some August calls, and follows over 3,000 of the \$40 calls bought recently and 600 February \$40 calls bought last week which remain in OI. Shares have been on a strong run recently and hitting new highs last week with the recent range breakout over \$42 targeting a move up to \$53.50. The 8-ema is key support down at \$41.50. The \$5.95B company trades 19.4X earnings, 3.78X sales, and 24.5X FCF with a 0.73% yield. They see 18% EPS and 8% revenue growth in FY20. ENTG is coming off a strong quarter with record growth in Advanced Deposition Materials. They've seen some weakness from certain memory customers which is impacting chemicals sales but being offset by strength in liquid filtration and their Pure Gas business. The company lost out on buying Versum Materials in April after Merck KGaA posted a superior bid. ENTG has indicated that it still has a strong pipeline of potential acquisition opportunities and could also use their cash balance for buybacks. Analysts have an average target for shares of \$44.50. CL King with a \$44 PT and Buy rating on 6-20 seeing tailwinds from the increased importance of specialized materials and products as they become more important to next-generation semiconductor advances. They think ENTG has multiple quarters of outperformance as a result of new production and ramp-ups by Intel (INTC), Taiwan Semiconductor (TSM), and others. Short interest is 4.8% and down from 6.5% in early July and 8.5% in March. Hedge Fund ownership fell 9.5%. Polar Capital and GW&K Investment both notable holders.

### Hawk Vision:



**Hawk's Perspective:** ENTG has seen too big of a move the last two weeks for me to want to chase up here, but has always been a favorite small cap play in the group if it pulls back.

**Confidence Ranking:** \$\$