



Call Spreads Open in DMC Global

Ticker/Price: BOOM (\$63.5)

Analysis:

DMC Global (BOOM) seeing August \$65/\$70 bull call spreads active 800X in early trade and now nearing 4500X into the first two hours. BOOM does have 2,675 September \$60 puts bought in open interest and 2,590 of the December \$55 puts, but likely hedging a strong move in shares +82% YTD. BOOM shares are putting in a weekly reversal candle at the 21 week MA and 38.2% Fibonacci retracement, the low this week the level to trade against. The \$955M Co. operates in NobelClad, explosion welded metal plays, and DynaEnergetics, a segment for seismic explosive systems in the Oil & gas industry. BOOM shares are trading 15X Earnings, 2.65X Sales and 10X EV/EBITDA. Revenues surged 69% last year with 28% growth seen this year and EPS that was just \$0.17/share in 2017 seen hitting \$4.25/share in 2020. Shares rallied in April after a strong Q1 guidance boost with increase demand for advanced well perforating systems in the oilfield products business. The segment is interesting as it is Leading a transition in North America's well completions industry from field assembly of components to fully factory-assembled, performance assured perforating systems. Analysts have an average target of \$77 on shares while short interest is 20% of the float, rising 570% Q/Q. Sidoti upgraded shares to Buy yesterday.

Hawk Vision:



Hawk's Perspective: **BOOM** is an interesting niche growth play in Oil Services benefitting from increased drilling. The high short float is a concern so a name would consider pairing the stock with September \$60 puts, limiting downside, but allowing for a potential short squeeze move to \$100+.

Confidence Ranking: \$\$