



## Entegris Seen Continuing to Highs

**Ticker/Price:** ENTG (\$49.45)

### Analysis:

**Entegris (ENTG)** with 1,500 January \$45 calls bought today up to \$5.50, some adjustments out of the November \$40 calls bought earlier this year as shares hit new 1-year highs. ENTG has seen some Feb. \$50 call buys recently while some Feb. \$40 and November \$45 calls remain in OI. Shares dipped back to the rising 50-MA on earnings last week but rebounding nicely and starting to work out of a multi-week range today. The move higher targets \$55 in the near-term and continuation of the strong long-term trend. The \$6.47B company trades 20.5X earnings, 4.1X sales, and 35X FCF with a small yield. ENTG is expecting 22% EPS growth and 10% revenue growth next year with room for margin growth to drive multiple expansion. ENTG is coming off a mixed quarter although better than feared with growth in microcontamination and advanced materials handling. ENTG is a leader in specialty chemicals and products used in the manufacturing of semiconductors and likely tailwinds into 2020 as production ramps up again back to normalized levels. The company cited strength in logic and foundry which continue to see better seasonal demand, utilization rates, and node transitions. Analysts have an average target for shares of \$47 with 4 buy ratings and 4 hold, Craig Hallum with a Street High \$56 target. The firm was out on 10-25 citing strong execution by the company despite a muted industry environment and poised to outperform the industry by 200-300 bps over the next two years. Short interest is 3.9% and down from near 9% earlier this year. Hedge fund ownership rose 7.9% in Q2. GW&K Investment with a 1.265M share position.

### Hawk Vision:



**Hawk's Perspective:** ENTG has been a favorite smaller play in Semi Equipment for a few years now and continues to show impressive results. Valuation is looking fairly full at these levels to be taking any new position.

**Confidence Ranking:** \$\$