



## FEATURED OPTIONS RADAR REPORT



### Unusual Calls in Small-Cap Ultra-Tech

**Ticker/Price:** UCTT \$25.20

#### Analysis:

**Ultra-Clean Tech (UCTT)** trading 13X average calls today with buyers active for over 2,245 December \$25 calls up to \$3.80 to open. UCTT carries little other open interest of note. Shares gapped up to new highs on earnings last month but have pulled back to VPOC around \$24/\$25 where they're finding some support today. A move back above \$26 can target \$30 and then a measured move to \$35+. The \$997M company trades 9.11X earnings and 0.83X sales with a strong balance sheet and limited debt. UCTT is targeting high-teens growth. The company provides test production tools for semiconductor and display makers and they're seeing strong demand as companies ramp production into year-end. They have strong positions with leaders like Applied Materials, Lam Research, and Samsung where more complex cleaning is being required as dimensions get more challenging, especially in memory where high-level cleaning wasn't required in the past. Analysts have an average target for shares of \$31.50. Craig Hallum raising estimates to \$40 in late July as they expect strong demand to carry through to at least Q3. They also highlight strength in commentary from AMAT and LRCX lately, their two biggest customers, which bodes well for the outlook. Short interest is 6.5% and steadily dropping since March 2019 when it was over 20%. Hedge fund ownership rose 3.4% in Q2. Dimensional Fund, Divisar and Driehaus Capital notable buyers.

#### Hawk Vision:



**Hawk's Perspective:** UCTT is a small-cap I've liked for a while and think the recent pullback gives a nice level to trade against for a return to that \$30-level and should continue to benefit from more complex semi production

**Confidence Ranking:** \$\$