



FEATURED OPTIONS RADAR REPORT



Entegris Bull Sees More Upside as Strong Semi Story Plays Out

Ticker/Price: ENTG (\$78.35)

Analysis:

Entegris (ENTG) with a large trade 10/23 as 1800 May \$85 calls opened at \$6.10 to \$6.30 for \$1.1M, a name with over 1000 November \$70 calls remaining in open interest from a 6/10 trade but otherwise minimal positions. ENTG has been in a strong bull trend since March recently clearing \$72 resistance and running to new highs but pulled back off highs the last two weeks to the rising 21 MA. ENTG will be hosting an Investor and Analyst Day on 11/17. ENTG is a leader in specialty chemicals and products used in the manufacturing of semiconductors. It operates a stick recurring model with a diverse customer base and broad product offering with 70% of revenues unit driven and 30% CAPEX driven (20% Fab and 10% WFE). ENTG helps customers achieve higher yields and new levels of performance and reliability. Increasing chip complexity is causing greater materials intensity. ENTG has a strong track record 2013-2019 with a 15% revenue CAGR, 22% EBITDA CAGR, and 25% FCF CAGR. The \$10.6B company currently trades 28.4X Earnings, 6X Sales and 47.6X FCF with a 0.4% dividend yield. Analysts have an average target of \$82 and short interest low at 2.6% of the float. Citi raised its target to \$92 last week citing solid results with strong demand and growth driven by advancing node transitions and end demand for 5G and data centers. Loop Capital with a Buy rating and \$93 target this morning positive on the fundamentals and speculating on potential accretive M&A opportunities. It notes potential to merge with DuPont's Semi Tech segment and it would create a very compelling value creation story. Hedge Fund ownership declined 7% in Q2 filings.

Hawk Vision:



Hawk's Perspective: ENTG has long been an under the radar favorite and continues to perform well with strong secular growth tailwinds, a name to continue to own or trade with a bullish view.

Confidence Ranking: \$\$