



FEATURED OPTIONS RADAR REPORT



Upside Calls Bought in Avantor after Pullback

Ticker/Price: AVTR (\$31.40)

Analysis:

Avantor (AVTR) jumped into the close with 6000 June \$32.50 calls bought to open \$0.90 to \$1, a name with 14,000 May \$35 short calls sitting in open interest. AVTR has been a strong performer and pulling back the past week to retest the breakout from early April above the February highs as well as the topside of YTD value. Avantor is a trusted global partner to customers in the biopharma, healthcare, education & government, and advanced technologies & applied materials industries. AVTR sells materials & consumables, equipment & instrumentation and services & specialty procurement to customers. AVTR sales are 85% recurring. In April AVTR announced a EUR890M deal for Ritter GmbH, the fastest growing manufacturer of high-quality robotic and liquid handling consumables, including conductive tips engineered to exacting standards. The \$18.4B company trades 22.5X Earnings, 17.7X EBITDA, 2.76X Sales and 24.9X FCF. AVTR forecasts see sales growing 10.8% in 2021 with EBITDA +17%. AVTR is a margin expansion story seeking growth and accretive deals via M&A. It does have a leveraged balance sheet. Analysts have an average target of \$37 and short interest is 3.2% of the float. JPM raised its target to \$40 after a solid quarter and sees room for more beats. Stifel raised to Buy with a \$40 target after the quarter and sees improving organic growth with shares attractively valued. Barclays started shares Overweight in March citing accelerating growth, margin expansion, FCF and EPS inflection. Hedge Fund ownership fell 11.4% last quarter, Viking Global and Third Point notable top holders.

Hawk Vision:



Hawk's Perspective: AVTR is a name that caught my eye a few weeks ago with the breakout and returning to those levels is looking attractive, these upside calls feel cheap.

Confidence Ranking: \$\$