



FEATURED OPTIONS RADAR REPORT



Calls Accumulate in Uranium Producer as Energy Crisis Hits

Ticker/Price: CCJ (\$25)

Cameco (CCJ) continues to see large call accumulation with 3000 May \$23 calls bought for \$1.17M on 3/15 as well as 25,000 September \$35 calls and has large amounts of March call open interest in the \$21, \$22, \$23 and \$24 strikes set to exercise or adjust this week while June \$26 and \$28 calls have over 12,000 each and September \$22 puts sold to open 7500X on 2/15. CCJ is currently putting in an inside-week just below its 2021 highs and a close above \$26.50 would be a major breakout on the long-term chart. CCJ is a pure-play nuclear fuel investment with a proven track record and the strengths to take advantage of the world's rising demand for safe, reliable, affordable and carbon-free energy. CCJ's uranium production capacity is among the world's largest and offers an integrated uranium fuel supplier, offering refining, conversion and fuel manufacturing services. CCJ is benefitting from some early mega-trends in the energy space while growing demand for uranium and uncertainty around supply is helping pricing. The company sees upside in the next 2-3 years from new reactor builds, life extension projects, and prevention of early closures in some key geographies. Sanctions on Russia may also cause a lot of supply to go offline. CCJ has a \$10B market cap and trades 18.5X FY23 EBITDA with forecasts for revenues to rise 14% in 2022 and 23% in 2023 with EBITDA rising 39% and 83% respectively. CCJ is coming off a strong quarter and noted pricing up 40% Y/Y with markets tight and sees strong future demand for nuclear amid an energy crisis. Analysts have an average target of \$29 with short interest low at 1.9% of the float. CIBC started shares Outperform in January seeing Cameco as having tier 1 assets, strong reserves and balance sheet and reasonable valuation while nuclear will be the key to reducing global dependency on fossil fuels.

Hawk Vision:



Hawk's Perspective: CCJ remains a unique investment as a pure-play on Nuclear which seems to have an increasingly bright future in Energy. I think it is worth having exposure to the name either in stock or calls.

Confidence Ranking: \$\$