



FEATURED OPTIONS RADAR REPORT



Put Sellers Show Confidence in Best-in-Class Healthcare Company Ahead of Earnings

Ticker/Price: CTLT (\$124.50)

Analysis:

Catalent (CTLT) working out of a bull flag today and seeing some large put sales showing confidence in the move with 1,250 January \$130 puts sold for \$12.30 to \$11.70 and later 450 April \$135 puts sold around \$18. Put sales are a popular strategy in the name and still has some open interest at the Sept. \$105 and October \$120 levels. Shares are working out of a bull flag today above \$124 with a measured move to \$130.50. The longer-term view shows a nice consolidation range forming under \$128 and the February highs after dipping back to the 23.6% Fibonacci of the run from the 2020 lows. A breakout higher and continuation of the long-term move targets \$157.50. The \$20.6B company trades 36.92X earnings, 5.5X sales, and 19.4X cash. CTLT has long-term tailwinds as a key company for the biotech industry providing services like clinical manufacturing and analytics services as well as products for small molecules, biologics, and gene/cell therapies, among others. They continue to benefit from greater outsourcing rates and R&D spending within the industry. CTLT has raised guidance for the year multiple times in 2021 behind growth in biologics as demand for their viral vector and drug substance offerings remains elevated due to COVID. In June, there was media speculation that AstraZeneca could be moving more vaccine production to the company and away from Emergent Bio after their issues earlier this year. CTLT sees further growth in 2022 as they expand capacity on the drug substance side, an area that they noted at the William Blair conference in June is seeing more business lately and starting to ramp up. CTLT reports on 8-30, strong history closing higher in six of the last seven. Analysts have an average target for shares of \$125 with a Street High \$140 from Jefferies who sees continued upside into 2022 as they locked in long-term contracts with Moderna for their COVID vaccine and additional pipeline programs. Hedge fund ownership fell 2.5% last quarter. Viking Global a buyer of stock and Veritas Asset Management with a concentrated position of 5.29M shares. Short interest is 1.06%.

Hawk Vision:



Hawk's Perspective: CTLT is a best-in-class name near a major breakout point and like seeing confidence in the move, name that can be played tightly against the rising 21-EMA or potential dip buy after earnings

Confidence Ranking: \$\$