



FEATURED OPTIONS RADAR REPORT



CEMEX Bulls See Long-Term Upside Amid Infrastructure Push

Ticker/Price: CX (\$8)

Analysis:

CEMEX (CX) with 7500 April 2022 \$10 calls bought \$0.70 to \$0.75 and later 2400 January 2023 \$5.50 puts sold to open for \$0.48. CX has seen buyers in the January 2023 \$7 calls, August \$7 and August \$9 calls recently while the January 2023 \$7 puts sold to open on 7/2. Shares are consolidating in a weekly bull flag under \$9 after a steady run from the March lows and a continuation higher targets \$10.50. The \$12.75B company trades 11.4X earnings, 1X sales, and 4.9X FCF with a 1.2% yield. CX is a provider of cement, ready-mix concrete, and other construction materials with exposure to both residential construction as well as broader infrastructure projects. CX held and investor day in June and raised EBITDA guidance for the second time in 2021 as they expand capacity. The company sees significant opportunity to further deleverage the balance sheet through both organic cash flow growth as well as strategic asset disposals. CX sees long-term opportunity from what they see as \$2T in fiscal stimulus sitting on the balance sheet of US households ready to deployment as the reopening continues. They think industrial investment and manufacturing capex growth will be a tailwind for the next decade driven further by potential for a significant infrastructure plans from states and municipalities as well as the America's Job plan on the Federal level. Analysts have an average target for shares of \$6.50 with a Street High \$11. Bradescot BBI upgrading to Outperform on 6/28 as operating visibility for Cemex's Mexican and U.S. operations has increased significantly, which will allow faster net debt to EBITDA deleveraging to 2X by 2022. This likely leads to further capital return. Short interest is 0.33%. Hedge fund ownership rose 6% in Q1.

Hawk Vision:



Hawk's Perspective: CX an ugly candle today but pulling into the low-end of June value where I'd like to see it put in a reversal bar and base for a nice risk/reward on a turn higher, name with a lot of major tailwinds in place

Confidence Ranking: \$\$