



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Trend Reversal in 3D Systems

Ticker/Price: DDD (\$21)

Analysis:

3-D Systems (DDD) early bull flow today with 5,000 June \$24 calls bought for \$1.35 to \$1.60. DDD has seen sellers in the August \$25 puts this week for more than \$725K while the January \$22 puts sold to open in April over 1000X and remain in OI. Shares have pulled back to the 200-MA and forming a multi-week base and above \$24.50 can make a big move back to \$30+. DDD is working on back-to-back inside days after a strong jump on earnings earlier this week. The \$2.5B company trades 57.25X earnings, 4.5X sales, and 33.5X cash. DDD is coming off of a strong quarter with outperformance in healthcare, up 38.7%, and medical which was up 9%. Industrial was flat but saw some outperformance in automotive. DDD is positioned well for continued adoption across each of their primary verticals as they expand their capabilities across metals, polymers and software. They expect healthcare to remain a dominant market in 2021 where they can gain share after expanding capacity by 50% with new facilities in Colorado. They also see bio printing as a huge area of untapped potential, a multi-billion dollar market, where they can offer unique advantages in the development of cosmetics and skin care treatments without animal studies. DDD bought Additive Works recently and expected to give them a more robust software presence as well for the entire process from design to post-printing. Analysts have an average target for shares of \$25.50 with a Street High \$30. Stifel positive yesterday noting that 3D remains on track to hit its long-term growth and profitability targets but the inconsistent pace of reopening globally and supply chain headwinds will create an uneven 2021. Craig Hallum upgrading to Buy on 5/11 citing easy comps which should translate into accelerated growth in the quarters ahead with meaningful margin expansion and free cash flow generation. Short interest is 16% but down from 33.5% last Fall. Hedge fund ownership fell 13.75% in Q4.

Hawk Vision:



Hawk's Perspective: DDD is the kind of name that can trend well and want to see it clear \$24 given the weak overall environment; Additive manufacturing names have all pulled in quite a bit from last year's late surge but a theme I continue to see a bright outlook for longer-term

Confidence Ranking: \$\$