



## FEATURED OPTIONS RADAR REPORT



### Large Put Sellers See Additive Manufacturing Leader Finding a Bottom

Ticker/Price: DM (\$8.87)

#### Analysis:

**Desktop Metal (DM)** a name that has been a weak performer with shares down nearly 50% YTD but starting to see an options market sentiment shift with notable opening put sales. The January 2023 expiration has been popular with 13,000 of the \$5 puts sold to open, 7500 of the \$7.50 puts sold to open, and even 3000 of the \$12.50 ITM puts sold to open. DM also has seen 9500 February \$7.50 puts sold to open and shares currently at \$8.87 not far from that level that should be supportive. DM has an extremely ugly chart with shares at new lows but RSI remains a bit off lows showing a small bullish divergence. Desktop Metal is pioneering a new generation of additive manufacturing technologies focused on Additive Manufacturing 2.0, the volume production of end-use parts. DM has a comprehensive portfolio of integrated additive manufacturing solutions comprised of hardware, software, materials and services, with support for metals, composites, polymers, ceramics, sands, biocompatible materials, wood and elastomers. The Additive Manufacturing market estimated to grow > 11x from \$12B to \$146B by 2030 propelled by a shift from prototyping to mass production applications. Its sees strong, long-term secular tailwinds around onshoring and supply chain flexibility. DM has a market cap of \$2.33B and trades 17X FY21 EV/Sales and 8.8X FY22 estimates, revenues seen rising 515% in 2021 and 91% in 2022 with profitability seen for FY23. Analysts have an average target of \$17 with short interest at 16% of the float, rising 275% Q/Q. Lake Street recently lowered its target to \$9 concerned on 2H estimates being too high. CSFB started Neutral with a \$14 target seeing significant potential ahead as traditional manufacturing is disrupted but DM has to grow into its existing valuation. Stifel started shares Buy in January noting DM is extremely well capitalized after the SPAC merger and sees it benefitting over the next decade from a dramatic rise in the use of 3D printing for end-use part production while having an asset-light business model, expecting FCF to turn positive by 2023.

#### Hawk Vision:



**Hawk's Perspective:** DM looks ugly but some of these names thrown out in the SPAC universe are starting to look attractive on valuation. DM has a massive growth opportunity and I like the additive manufacturing space, so these put sales look to be indicating a bottom is near for what can be a high growth, high margin play for years to come.

**Confidence Ranking:** \$