## Bulls Position in Smaller Energy Services Name with Improving Fundamentals

### Ticker/Price: FTI ($7.65)

**TechnipFMC (FTI)** has seen two large option trades this month with a 3/1 buyer of 10,000 April $7 calls for $0.35 and a 3/14 opening sale of 10,000 January $7 puts for $1.35M in premium. FTI shares have risen 25% this quarter with strength in Energy markets and currently flagging with $7.90 a key breakout level for a potential run towards $10. FTI's Subsea segment provides integrated design, engineering, procurement, manufacturing, fabrication, installation, and life of field services for subsea systems, subsea field infrastructure, and subsea pipe systems used in oil and gas production and transportation. Subsea inbound orders in 2021 increased more than 20 percent versus the prior year reflecting the continued offshore market recovery and expansion. FTI's Surface Technologies segment designs, manufactures, and services products and systems used by companies involved in land and shallow water exploration and production of crude oil and natural gas. FTI has a market cap of $3.5B and trades 17.4X Earnings, 5.8X EBITDA and 5.9X FCF with topline growth seen at 4-8% annually and EBITDA growth at a three-year CAGR around 15%. In Q4 the surface business received its largest ever award, a multi-year contract from Abu Dhabi National Oil Company to provide wellheads, trees and associated services. The company anticipates subsea inbound order growth of up to 30% in 2022, implying order intake has potential to reach ~$6.5B. Analysts have an average target of $10 and short interest is 4.7% of the float. Jefferies upgraded shares to Buy in December following a positive investor day seeing confident growth through 2025, an improving balance sheet and FCF profile and also noted it as a potential M&A target.

**Hawk Vision:**



**Hawk's Perspective: FTI** is more of a speculative play but a strong chart and flows support a move that can take shares up to $10 and provide a nice return.

**Confidence Ranking:** $$