



## Linde Bull Targeting Further Strength as Industrial Recovery Continues

**Ticker/Price:** LIN (\$291)

### Analysis:

**Linde (LIN)** with 750 December \$290 calls bought for \$15.50 in a stock replacement, narrow base forming below recent highs. LIN has seen smaller, high-dollar buys recently in the October \$280 and \$320 calls while the December \$390 calls sit in OI 1500X from a buyer in January. Shares have been climbing steady since the COVID lows and now flagging in a narrow base under \$294 and a big volume node. A break higher targets recent highs at \$301.50 and then a run to \$325. The \$148B company trades 26.2X earnings, 5.33X sales, and 36X cash with a 1.45% yield. LIN is a leader in industrial gases and benefitting from the strong reopening trends that are boosting industrial and economic output globally. LIN has been executing well with strong cash flow growth, margins, and revenues and growing share in key long-term end-markets like healthcare and electronics. The latter should continue to benefit from the growth in chip output in the 2H and early 2022 as they have become a critical component of the 'modern fab.' LIN was at the BAML Hydrogen conference in late June talking about their investments in green hydrogen which they see a big long-term driver. The company sees a lot of opportunity to utilize their best-in-class technology, scale, and platform to support growth in the space while they also expect to develop partnerships worldwide to facilitate the business and market share. Analysts have an average target for shares of \$316 with a Street High \$358. HSBC positive on 6/3 as industrial gases continue to recover driven by robust industrial demand and strong end markets. Wells Fargo raising estimates in May as they think LIN is solidifying its position as the leader in earnings and revenue growth in the industrial gases space. Goldman with a \$340 PT supported by improving economic momentum, higher than expected share repurchases in Q1, and continued pricing power that will likely benefit from accelerating inflation. Short interest is less than 1%. Hedge fund ownership rose 2% in Q1. Ako Capital a buyer of more stock and now their top position with over 4M shares. Insiders have been active buying stock as well. In March, a director bought \$121K at \$246 and in 2020 we saw a number of insiders buy stock around \$150-\$160.

### Hawk Vision:



**Hawk's Perspective:** LIN is a best-in-class name with dominant market share and pricing power and should continue to outperform with the industrial recovery

**Confidence Ranking:** \$\$