



FEATURED OPTIONS RADAR REPORT



Unusual Bull Spreads in Additive Manufacturing Play

Ticker/Price: SSYS (\$19.33)

Analysis:

Stratasys (SSYS) seeing unusually bullish options positioning the past week with January \$20/\$17.50 bull risk reversals accumulating this week and the December \$17.50 short puts with long the \$20/\$30 call spreads also in open interest for 6000X. SSYS also has 3500 September \$22.50 short puts in open interest. The action is interesting with SSYS this week adopting a limited duration shareholder rights plan which often is a signal the company is being pursued in a takeover and Nano Dimensions recently disclosed a 12.12% ownership stake. SSYS shares are forming a multi-week base right back at late 2020 levels with shares -19% YTD and will report earnings 8-3. MACD on the weekly timeframe recently crossed to a bull signal while RSI is making higher lows with shares basing. SSYS is a global leader in connected, polymer-based 3D printing solutions with complete solutions for superior application fit, across design, manufacturing and healthcare. SSYS acquired Origin in 2020 in the fast-growing mass production parts segment with a next-generation photopolymer platform. It then did a deal for RPS in February 2021 with its Neo line of 3D printers that feature dynamic laser beam technology that enables build accuracy, feature detail, and low variability across the full extent of a large build platform. Additive Manufacturing could see a recovery as companies focus on both cutting costs and sustainability. SSYS has a \$1.34B market cap and trades 2.1X Sales and 2.8X Cash with a debt-free balance sheet and revenues seen rising 10-15% annually with profitability also ramping the next few years. Analysts have an average target of \$25 with short interest low at 3% of the float. Lake Street with a \$29 reduced target in May noted another impressive quarter with strong guidance and sees accelerating 2H growth driving meaningful upside in shares. JPM upgraded shares after the quarter saying management is focused on improving products, driving margins higher, and investing in growth.

Hawk Vision:



Hawk's Perspective: SSYS looks wildly cheap and above \$20.20 can make a run with potential major upside in a buyout situation. The risk reversals see strong support at 17.50 with upside to 30.

Confidence Ranking: \$\$