



FEATURED OPTIONS RADAR REPORT



Large Put Buyer into Earnings in Networking Equipment Name Facing Challenges, Multiple Contraction

Ticker/Price: UI (\$287)

Ubiquiti (UI) with 2000 February \$260 puts bought with 1600 spread versus the \$180 strike as a bearish position into earnings which the company never confirms but expected within the next few days. UI also still has a buy of 500 February \$280 puts from 1/4 in open interest and 750 of the February \$250 puts opened on 1/25. UI has a strong earnings history closing higher eight straight reports before closing lower in November though just by 1% despite missing estimates sharply. UI shares saw a failed rally to the broken 200-day moving average this week and have a bearish 8/21 week EMA cross in effect while breaking lower out of a range with a large volume pocket back to \$195 while VWAP from March 2020 lows is near \$242. UI tends to not be that volatile with 90% insider ownership. UI is a maker of networking infrastructure devices powered by UNMS and UniFi software platforms to provide high-capacity distributed Internet access and unified information technology management. UI solutions fall into three main categories: high performance networking technology for service providers, enterprises and consumers. UI has a market cap of \$17.5B and trades 9.3X EV/Sales and 25X EBITDA with revenue growth seen muted at just 2.8% in 2022 after 47.8% in 2021 and EBITDA seen down Y/Y after 54% growth in 2021, a name that should see severe multiple contraction. Analysts have an average target of \$330 with short interest at 6.4% of the float rising 21% Q/Q. On 11/4 Unemon issued a short report expecting multiple quarters of missing estimates due to chip shortages.

Hawk Vision:



Hawk's Perspective: UI looks to be one of the most obvious shorts in the market considering the major slowdown in growth with the one caveat being the limited float to push the stock around, so bear call spreads may be a better approach.

Confidence Ranking: \$\$