



Universal Display Calls Bought on Weakness into Earnings

Ticker/Price: OLED (\$158)

Analysis:

Universal Display (OLED) aggressive buy of weekly \$162 calls \$7.60 offer with 1,375X trading, earnings 5-2, weak today down 5.7% after downgrade. **OLED** has 1,835 of the weekly \$155 ITM calls in OI sitting there from a prior roll out and has seen some bullish longer term positioning in January 2020 calls. The Street consensus is looking for \$0.30 EPS and \$64M in Revenues (+47.6%) and FY19 seen as a 36% topline growth year followed by another 38% growth next year with EPS growing even stronger at rates of 64.5% and 85% after a transitional year in 2018. OLED shares have closed higher 7 of its last 10 reports and a 6 quarter average max move of 18.65%. The \$7.7B maker of OLED display technologies trades 44.6X Earnings, 90.4X FCF and 15X FY20 EV/Sales. OLED has over 5,000 global patents and sees opportunities in Mobile, TV, Wearables and other spaces. OLED has better performance, is more efficient, and more flexible than LCD. Analysts have an average target of \$165 and short interest remains high at 12% of the float but down 40% Q/Q near a one year low. SIG downgraded shares to Neutral from Positive this morning citing high expectations and weak trends seen at Samsung Display. Roth raised its target to \$172 on 2-26 as OLED moves back to growth mode in 2019. On the chart shares have risen sharply in 2019 up 80% YTD while weekly MACD fading the last few weeks nearing a bear crossover. Shares should have near-term support near \$155 while a move back to \$200 on a strong print is not out of the question. Hedge Fund ownership dropped 38% in Q4 filings.

Hawk Vision:



Trading Strategy: OLED being downgraded right into earnings seems more of an opportunity considering it should deliver major growth this year and remains one of the few ways to have exposure to this technology adoption trend.

Confidence Ranking: \$\$