



## Unusual Calls Bought in Sun-Run as Solar Stocks Surge

**Ticker/Price:** RUN (\$15.65)

### Analysis:

**Sun Run (RUN)** with nearly 4,000 August \$15 calls bought on the day now up to \$2.40 as action continues into session highs. RUN has over 2,000 May \$18 calls in OI from early March buys. Shares are working out of a multi-week base today after testing the 50-day MA and targeting recent highs at \$17. A breakout measures to \$20 but big long-term flag has room to \$22. The \$1.66B company trades 13.5X earnings, 2.2X sales, and 7.3X cash with double-digit growth. RUN sees 10% revenue growth in 2020 and 7.5% in 2021 driven by market share gains in the US residential solar market. The company is seeing strong customer growth, up 29% Y/Y, but potential for 5X growth as they explore a variety of avenues to grow share. They see opportunity with utilities after their Brightbox service won a bid in New England and the company expects 2020 beyond to be a regional expansion story. They also announced a partnership with Home Depot in February which is expected to ramp in 2019 and become an incremental contributor in 2020. Analysts have an average target for shares of \$17 with 5 buy ratings and 2 hold. Short interest is 9.5% and down from 11% in January and nearly 19% at its peak in 2017. BAML has shares at Buy citing confidence in deployments in 2019, cost reductions, and positive SB100 legislation signed in California in 2018 which will lead to an acceleration in volumes. Institutional ownership rose 25% last quarter. Sequoia a top holder with 7.5M shares while Tiger Global has 17.8M shares. Point72 and Driehaus adding new stakes last quarter.

### Hawk Vision:



**Trading Strategy:** RUN is tough to chase on a 6% up day but it did screen as a favored Solar name into 2019 and continue to like it. Trading Solar names is always tricky but currently momentum is favorable.

**Confidence Ranking:** \$\$