



Put Buyers and Shorts See Wabtec Struggles Persisting

Ticker/Price: ENPH (\$20.35)

Analysis:

Enphase Energy (ENPH) early buyers of 2,700 August \$22.50 calls for \$1.10 and now volumes over 9,900 with 2,350 of the January \$22.50 calls also bought up to \$3.10. Action is running 3X average in the first 20 minutes of the day and follows buyers in the November \$25 calls and January 2021 \$25 calls recently. Shares have been very strong in 2019 riding the 20-day MA higher and forming a small flag under the June peak. Shares traded as low as \$5 in early 2019. ENPH has key support at \$19 and then at \$17 with the rising 50-day MA. The \$2.27B company trades 30.5X earnings, 6.5X sales, and 29X cash with 35.5% EPS growth and expectations to earn over \$1 by FY22, up from around \$0.50 this year. ENPH sees 21% and 32.6% revenue growth through FY21 while have been sharply expanding since mid-2017 and above 31.5%. ENPH is a leading supplier of solar micro inverters and home energy solutions for the industry. They've seen strong growth this year despite uncertainty in the industry with a number of multi-year agreements signed and new capacity coming online. ENPH has undergone a multi-year restructuring which has helped improve costs and efficiencies in production while their focus on the US over international has given them an edge over peers. Analysts have an average target for shares of \$16. Northland starting at Buy on 6-26 with a \$24 PT. The firm thinks ENPH will enable grid independence without storage as it launches its iQ8 inverter early next year and in his view "the killer application for solar is grid independence. New products will unlock a revenue opportunity per home to \$10,000 from \$2,000. Short interest is 10.7% but down sharply since May when it was 22.5% and its peak around 32% in 2018. Hedge Fund ownership rose 27% last quarter. Park West with 6M shares and adding 1.55M in Q1. Luminus Management, Bridger Management, and Intrinsic Edge Capital notable holders. Insiders were active buying stock earlier this year at much lower levels. ENPH will report on 7-30.

Hawk Vision:



Hawk's Perspective: ENPH has been on a monster run with a ton of call accumulation, it would be great to see a correction and a base for ideal entry.

Confidence Ranking: \$\$