



Unusual Call Buys in TPI Composites

Ticker/Price: TPIC (\$19.75)

Analysis:

TPI Composites (TPIC) buyer of 500 December \$22.50 calls \$1 to \$1.25 and volume up to 1,330 midway through the session, a name with some elevated November call open interest with earnings expected on 11-6. TPIC shares are working out of a weekly consolidation with a volume pocket to move back to resistance near \$24. Valmont (VMI) did note a drag from its offshore wind business last quarter this morning though Wacker Chemie AG noted a meaningful pick-up. The \$695M maker of composite wind blades has seen insiders actively buying the stock this year in the \$17.73 to \$22.85 range. Shares are trading 12.65X Earnings, 3.27X Book and 9.5X EV/EBITDA with revenues rising 40% this year and EBITDA nearly 20%. TPIC's long-term supply agreements provide up to \$6.2B in potential revenue through 2023. It is a top supplier to leading OEMs like Vestas, GE, Siemens, Nordex and ENERCON. Analysts have an average target near \$30 while short interest is hitting new highs at 13.7% of its float. Benchmark started shares Buy in early October with a \$30 target seeing it positioned to capitalize on lightweight transportation structures. JPM lowered its target to \$25 in September citing challenges from the new reality in manufacturing but sees the bar as being reset by management. Ray-Jay raised to strong buy in August citing underappreciated opportunities in the heavy-duty EV market as a free optionality and sees margin risks priced into shares. Hedge Fund ownership rose 38% in Q2 filings, GE Ventures with an \$80M stake.

Hawk Vision:



Hawk's Perspective: TPIC is a name I like a lot longer-term for the growing wind energy market and also the insider buys add confidence in the recovery, but near-term challenges with the rising short float keep me on the sidelines for now.

Confidence Ranking: \$\$