



## Corning Calls Surge as 2020 Seen Better than 2019

Ticker/Price: GLW (\$28.30)

### Analysis:

**Corning (GLW)** buyers coming in for 12,000 February \$30 calls \$0.72 to \$0.81 and IV rising sharply as volume quickly surpasses 16,000X. GLW has seen a surprising lack of activity recently and notable open interest is minimal, some call open interest in January 2021 and a recent opening sale of 1,400 February \$32 puts. GLW shares have been in a sideways range the last two years and sits back near the low end of the \$27/\$35 range, support has been holding the rising 55 week moving average and 38.2% retracement of the 2012/2018 run, and holding its rising trend line. In September GLW cut its volume guidance for Display and Optical segments and coming off a quarter it beat estimates and reaffirmed its outlook. Corning was recently awarded another \$250M from Apple, a key customer for the company's Gorilla Glass. The \$21.6B company now trades 15X Earnings, 1.85X Sales, 17.75X FCF and 8.7X EV/EBITDA with a 2.87% dividend yield. Forecasts for top-line growth remain subdued while EPS and EBITDA growth seen accelerating the next two years. GLW will be presenting at the Barclays Tech Conference this week on 12-12. Analysts have an average target of \$31.50 on shares and short interest at 3.5% of the float has risen 18.5% Q/Q to near a two-year high. Deutsche Bank cut shares to Hold on 10/30 with a \$30 target citing continuing uncertainty in Optical and Display. In September Argus argued shares were attractive and has a \$42 target, seeing it well positioned across all of its five market access platforms of optical communications, automotive access, display, personal mobile and life sciences. Hedge Fund ownership in Q3 filings fell 42.7%.

### Hawk Vision:



**Hawk's Perspective:** GLW calls have quickly been bid up to \$0.90 with 20,000 trading, always a name that sees a nice push in speculative upside calls with its cheap IV. It feels like a potential activist target in 2020.

**Confidence Ranking:** \$\$