



Enphase Bulls Strike Ahead of June Product Launch

Ticker/Price: ENPH \$51.65

Analysis:

Enphase Energy (ENPH) with 1000 January 2022 \$52.50 puts being sold to open near \$19.10 on 6/4 and follows buyers of nearly \$1.9M in November \$60 calls on 5/26. ENPH has seen some mixed flows lately but still has size in the August, January, and January 2022 call options from March. Shares hit new highs for the year in May, a strong rebound from the March lows, and now pulling back just above the 38.2% Fibonacci of the run. ENPH is also back around a key volume node from February. The massive uptrend from that started in early 2019 remains well intact and measures out to \$75+ longer-term. The \$6.2B solar company trades 34.7X earnings and 8.5X sales with limited near-term maturities (next is 2024) and a Current Ratio of 3.1X. Residential solar demand fell in March due to COVID but showing signs of bottoming due to new tools for sales online. ENPH has seen near-term demand fall due to COVID pushing back installs but they expect to ramp efforts in the 2H and still hit a 5% attachment rate for the year. They have a much-anticipated launch of their storage product, Encharge, in June while other new products like IQ8 software for residential and commercial solar are due in 2H. ENPH has nearly \$600M in cash on hand that they aggressively put to work if they'd like even after announcing a \$200M buyback. The company has expressed interest in M&A with areas of focus like hardware and software around their Encharge battery solution. Analysts have an average target for shares of \$61. JP Morgan raising their PT to \$67 on 5-28 and encouraged that the decarbonization, decentralization, and digitization of energy continues despite COVID-19. Johnson Rice starting at Buy on 5-27 with a \$68 PT. They expect continued growth as the company adds products and services while margins are expected to remain healthy due to its flexible outsourced manufacturing model. Short interest is 12.7% and down from 22.55% in January. Hedge fund ownership rose 11% in Q1.

Hawk Vision:



Hawk's Perspective: ENPH showed relative strength in May hitting new highs before much of the market and like the opportunity in this pullback if it can base and put in a nice reversal candle around the 50-day.

Confidence Ranking: \$\$