



FEATURED OPTIONS RADAR REPORT



Vicor Calls Accumulate as Company Expands Capacity, Targets Massive TAM

Ticker/Price: VICR \$71.95

Analysis:

Vicor (VICR) small but notable add to open interest on 6/30 with the January \$85 calls bought another 450X up to \$8 and total volume now 950 after a buyer in early June. VICR has other bullish upside spreads in OI as well including 500 October \$75/\$90 call spreads bought on 6/10 and some December \$60 ITM calls remain from January. VICR has shown relative strength since the mid-March lows and flagging above its rising 21-MA and just below \$73.50. A breakout targets \$82+ but longer-term range breakout above \$64.50 targets \$100. The \$3.15B company trades 12X sales and 38X cash with profitability ramping sharply and expected to earn over \$1.60/share in FY22 vs \$0.15 today. VICR designs and manufacturers modular power components for use in a number of end-markets from aerospace and industrial automation to telecom, networking, and test equipment. They see a big opportunity with energy efficient components becoming more critical for data center, AI processing, cloud and other high-intensity computing applications. They are coming off a mixed quarter but did have strong demand for their new GPU and hyperscale servers. VICR has had production issues in the past and they recently did a capital raise to finance the acquisition of a new facility. The move will give them control over the entire process in manufacturing Advanced Products which they believe will give them a leading edge into an emerging TAM. Analysts have an average target for shares of \$71, although limited coverage. Craig Hallum a Street High \$85 PT. The firm thinks part of the reason for a recent capital raise is the improving order trends for its LPD power products serving AI/DL applications for a few key customers - Nvidia (NVDA)/Alphabet (GOOG) among them. They also think the company is hammering out issues with the manufacturing process for these large customers that are depending on Vicor as a sole source supplier at high volumes. Short interest is 2.2% and down steadily since 2018 when it was close to 8%. Hedge fund ownership rose 5.5% in Q1. Hood River Capital a buyer of shares.

Hawk Vision:



Hawk's Perspective: VICR is a very interesting name that we looked at back in January and think the opportunity is massive as short-term investments will pay dividends later

Confidence Ranking: \$\$