



FEATURED OPTIONS RADAR REPORT



Solar Edge Bulls Position for Long-term Upside

Ticker/Price: SEDG (\$185)

Analysis:

Solar Edge (SEDG) with some bullish positioning on 9/22 as 1,050 January 2022 \$300 calls opened for \$23.20 and the January \$320 far OTM calls with 600X bought to open up to \$3.20. SEDG does not have a lot of notable interest outside of November \$220 and \$180 stock-tied puts that have adjusted multiple months. SEDG has been a strong performer in 2020 and pulled back off highs the last two weeks with the rising 89 MA just below as well as a key VPOC, also near a gap-fill from the early August surge. The \$9.6B maker of inverter systems for the solar industry trades 39.35X Earnings, 6X Sales and 44.6X FCF. SEDG has long been our best-in-class solar play with consistently strong results and after the 2020 disruptions expects to return to 22% revenue and 28% EPS growth in FY21. SEDG is expected to benefit from the continued shift to Solar for rising energy demand with Solar seen at a 17% share in 2030 after being just 4% in 2016. Solar GW installations continue to steadily rise with a +7.2% CAGR expected 2019-2024. SEDG offers a complete residential solution for PV, storage, smart energy, and EV charging. SEDG's new 2 GW factory will come online in early 2022 to increase capacity which can translate into \$500M additional revenues in 2023. Analysts have an average target of \$170 and short interest at 8.3% of the float is down 25% Q/Q. On 8/4 JPM raised its target to \$224 on strong demand trends cited by management in US and Emerging Markets and sees SEDG total addressable market expanding. OpCo raised its target to \$207 noting initial product deliveries set for Q4 and ramp of products in 2021, incremental growth and operating leverage are not priced into shares. Hedge Fund ownership rose 2.5% in Q2 filings.

Hawk Vision:



Hawk's Perspective: SEDG is a favorite name on the alternative energy theme that has a multi-year growth cycle, thought the Election a near-term potential catalyst depending on the outcome.

Confidence Ranking: \$\$