



FEATURED OPTIONS RADAR REPORT



Tower Semi Bullish Positions Accumulate

Ticker/Price: TSEM (\$23.40)

Analysis:

Tower Semi (TSEM) with 1500 December \$24 calls bought for \$0.95 and 850 January \$24 calls bought \$1.30 to open, and a name with consistent bullish flow recently as 5750 April \$23 calls have been bought and 4500 of the \$20 puts sold to open. TSEM also has 3000 January \$22 calls in open interest bought and 7000 of the \$25 calls. TSEM shares traded above \$35 back in 2017 and currently looking to clear July highs and January highs at \$23.50 and \$25.50 respectively to open up room to run. The \$2.38B Semi trades 16.8X Earnings, 1.95X Sales and just 3.4X cash, a nice value name. TSEM has been a slower growth name in a strong sector with just 1.9% revenue growth and 9.6% EBITDA growth seen in 2020 but 2021 seen with 8.1% and 21% growth respectively. The company is capitalizing on strong trends in the IoT market, the looming 5G deployment, and rising data traffic with 60% of their revenue in the Power and RF/HPA markets. Their Specialty Analog business is well-positioned in a lot of growing end-markets including automotive, industrial/machine learnings, medical, and VR/AR. Connectivity, Energy Efficiency and Smart Systems are key growth themes. TSEM has more than 60% market share in optical transceivers (SiGe) and seeing growth in data-center and 5G. TSEM also has an intriguing opportunity in the Micro LED Display market. Analysts have an average target of \$26 and short interest low at 2.7% of the float. Jefferies reiterating a Buy last week and \$28 target while Craig Hallum at Buy with a \$25 target. Hedge Fund ownership fell modestly last quarter.

Hawk Vision:



Hawk's Perspective: TSEM is a lower growth, lower margin Semi so although the recent surge in options activity is interesting and valuation attractive, there are plenty of more liquid alternatives to be trading in this group that have better growth profiles.

Confidence Ranking: \$\$