



## FEATURED OPTIONS RADAR REPORT



### Corning Calls Bought for Earnings as New Highs Coming

Ticker/Price: GLW (\$37.45)

#### Analysis:

**Corning (GLW)** afternoon buyers on 1/12 of 4000 February \$37 calls to open near \$2.05, likely positioning for 1-27 earnings. GLW has a significant position in May \$31 calls of 4,075 contract from 11/9 valued around \$2.7M currently, but otherwise minimal notable OI. GLW shares have been consolidating the last ten weeks and looking to clear the \$38 level and make a run higher to \$45. Corning's markets include optical communications, mobile consumer electronics, display technology, automotive emissions control and glass products and life sciences vessels. Corning's industry-leading products include damage-resistant cover glass for mobile devices; precision glass for advanced displays; optical fiber, wireless technologies, and connectivity solutions for state-of-the-art communications networks; trusted products to accelerate drug discovery and delivery; and clean-air technologies for cars and trucks. Corning operates in five reportable segments: Display Technologies, Optical Communications, Environmental Technologies, Specialty Materials and Life Sciences. The \$28.5B company trades 20X Earnings, 2.65X Sales and 37.5X FCF with a 2.35% yield. GLW forecasts see 11.3% revenue growth and 37% EPS growth in 2021. GLW looks positioned well for the automotive recovery in 2021 and its exposure to TV panels and smartphones. GLW should also be a beneficiary of the 5G buildout. The company should emerge stronger in 2021 after focusing on cutting costs during the COVID crisis. GLW spoke at Barclays on 12-10 and some interesting notes include TV sales for 65-inches and above grew 40% Y/Y, it sees strong demand due to increased bandwidth needs in communications, its Valor business provides glass packaging for vaccines, and the hybrid vehicle growth will boost demand for its specialized filters in auto. Analysts have an average target of \$37.50 on shares with short interest down 43% Q/Q to just 1.3% of the float. UBS recently started shares Buy with a \$43 target seeing strong demand for optical fiber in 5G and data centers as well as LCD/OLED displays while GLW is reinventing itself as new applications for its products replace older ones. Citi with a \$42 target on 12/21 sees GLW benefitting from the broader Macro recovery in several end markets and sees operating margins expanding. Hedge Fund ownership rose 1% in Q3 filings.

#### Hawk Vision:



**Hawk's Perspective:** GLW is a name that checks all the boxes, would like to see some larger flows, but like the value for growth here and see a move to \$45 as a real possibility making these calls cheap.

**Confidence Ranking:** \$\$