



FEATURED OPTIONS RADAR REPORT



Perion a Transformation Story Gaining Momentum, Bulls See Another 40% Higher

Ticker/Price: PERI (\$24.20)

Analysis:

Perion Networks (PERI) traded 22,000 options on 2/10 which is 150X daily average with notable activity selling the July \$15 puts to buy the \$25/\$35 OTM call spreads for 4000X. PERI has seen plenty of bullish activity recently with shares already +90% YTD and +200% over the past year but these were size lots and worth looking into this story further. PERI is a global advertising technology company that delivers its Synchronized Digital Branding solution across the three main pillars of digital advertising – ad search, social media and display / video / CTV advertising. PERI sees a large opportunity in the \$542B digital ad spending TAM for 2024. CTV ad spend is seen rising to \$18.3B in 2024 from \$11.36B in 2021. PERI also sees opportunities in its Content Management Systems and Search Ad Monetization. PERI extended its agreement with Microsoft Bing in November 2020 and seen driving \$800M in revenues over the next four years. PERI sees its stock as very cheap as it moves into these high growth areas when comparing it to peers like Trade Desk (TTD), PubMatic (PUBM) and Magnite (MGNI). PERI currently has a market cap of \$650M and is trading 2X FY21 EV/Sales with revenues seen rising 9% in 2021 after 25% growth in 2020. PERI raised its outlook in December and again in January and now has a very strong balance sheet. Perion is perfectly poised to capitalize on any ad budget shift between the 3 main pillars of digital advertising; search, social, display and video. PERI increased investment in research and development from \$23 million in 2019 to \$31 million in 2020, ability to personalize ad units on the flight, adding an interactive layer to CTV advertising, developing its own content management system or building AI mediation platform for its publisher are some of the examples how they are widening our technology mode. In 2020 results were driven by 69% growth in display and social advertising, primarily resulting from the acceleration of Connected TV advertising offering and the contribution of its content monetization offering. Analysts have an average target of \$22 and short interest is low at 1.1% of the float. Roth and Lake Street both raised targets for PERI to \$30 on 2/10.

Hawk Vision:



Hawk's Perspective: PERI is a lot more interesting now than it was the last time I looked into it and looks to be an attractive value for growth story in a hot area to add to on weakness/pullbacks.

Confidence Ranking: \$\$