



Unusual Calls Build in Power Integrations

Ticker/Price: POWI \$102

Analysis:

Power Integrations (POWI) with near 1,000 April \$100 calls being bought today up to \$10 offer and same spot where 200 were bought in late December in a name that draws little options flow. POWI also has 400 April \$90 puts in OI that were sold to open. POWI has been on a strong run since moving away from 2019 VPOC at \$91 in early December and riding the 8-EMA higher albeit a bit extended here. The weekly flag has a measured move up to \$125. The \$3B company trades 32.5X earnings and 7.5X sales with low-double digit growth and name that has seen some peers acquired in recent years. POWI is a leader in integrated circuits for energy efficient AC/DC power supplies with tailwinds from a big shift towards more cost-effective, high-efficiency applications in mobile, lighting, and industrials. They see a huge and growing addressable market with faster charging for mobile devices, home automation and smart lighting growth, battery powered tools and electric transportation, and LED lighting. They see high-teens EPS growth and short interest is light at 3.2% of the float. Institutional ownership rose 2.75%. Ceredex Value a notable buyer of shares in Q3. Analysts have an average target for shares of \$89 with limited coverage. Loop Capital upgrading to Buy on 10-25 with a \$102 PT. They think rapid charging driving strong revenue growth with several new OEMs unveiling flagships models. The firm also thinks the GaN switch technology adoption is trending above expectations with strong design activity expected to boost InnoSwitch 3 unit volumes.

Hawk Vision:



Hawk's Perspective: I would like to see how many of these stick in OI on Monday but it's a very interesting story and can be targeted on pullbacks given that **POWI** has run a bit lately.

Confidence Ranking: \$\$