



FEATURED OPTIONS RADAR REPORT



Large Bull Sees Upside in Energy Services Contractor with Renewables, Infrastructure Exposure

Ticker/Price: PWR (\$120.85)

Analysis:

Quanta Services (PWR) with a large buyer of 1170 November \$120 calls today for \$14.20 and joins other bullish open interest in the name including 500 November \$160 calls and short puts in the November \$120, \$115, and \$110 strikes. Shares dipped back into the April value low and the February breakout range recently and starting to turn higher with a move above \$122 into May value. Shares have upside to \$132.50 in the near-term while the bigger channel higher targets \$150. The \$17B company trades 17X earnings, 1.2X sales, and 70X cash with a small yield and low double-digit growth. PWR provides specialty contracting services across Electric Power Infrastructure, Renewable Energy Infrastructure and more with drivers around federal and state spending. They've got significant exposure to the major thematic trend of grid modernization through the design and construction of smart tech and other services. PWR is also benefitting from the long-term shift towards renewables like wind and solar as well as LNG and noted in April at their analyst day they see the space as a huge, untapped opportunity for growth. PWR is coming off a strong quarter with a record \$19B backlog. Analysts have an average target for shares of \$140 with a Street High \$156. Cowen raising estimates today citing strong Q1 earnings and noting the company appears unfazed by a potentially significant disruption to the US solar supply chain. B Riley positive as well noting Quanta remains well positioned across all of its end markets to benefit from improving growth opportunities and several mega-trends longer term. Hedge fund ownership fell 5.5%.

Hawk Vision:



Hawk's Perspective: PWR is a high-quality name forming a nice base around its 200-MA and think they're positioned well amid a number of long-term themes; one potential driver near-term would be resolution around US solar tariffs which could bring some relief to the group

Confidence Ranking: \$\$