



## FEATURED OPTIONS RADAR REPORT



### Taiwan Semi Bulls See Opportunity in Sell-Off as Chip Demand Surges

Ticker/Price: TSM (\$116)

#### Analysis:

**Taiwan Semi (TSM)** with a large trade on 3/4 as July \$125 calls bought 6000 contracts with the April \$115 adjusting, a name that has recently seen large opening sales of October \$125, \$120, and \$115 puts and has plenty of call positioning in April and July expirations. TSM shares have pulled back nearly 20% off recent highs and back near the key rising 21-week EMA and VWAP from a September 2020 low near the \$110 level. The \$575B Semiconductor Equipment leader has been one of the top performers in the group the last few years with strong demand for its 5-nanometer technology and has seen strong demand across its portfolio with a growth focus on smartphone, HPC, automotive and IoT. TSM now trades 26.9X Earnings and 10X FY21 EV/Sales with a 1.42% dividend yield, undemanding valuation for a name growing revenues 31% and EBITDA 43% in 2020 and seen growing at 21% and 22% respectively in 2021. TSM has been in the news often lately with the chip shortage issues and is building a \$12B factory in the US. Analysts have an average target of \$136 and short interest minimal at 0.3% of the float. Bernstein upgraded to Outperform on 1/12 with a \$149 target noting the World needs advanced silicon and only TSM has that. Bloomberg reported in early January that Intel has considered outsourcing chips to TSM or Samsung. TSM has also been partnering with Apple on a few projects including an autonomous vehicle chip.

#### Hawk Vision:



**Hawk's Perspective:** TSM is a best-in-class Semi delivering insanely strong consistent numbers and will continue to be positioned well for the chip revolution. It is a more attractively valued Tech name to target once the group stabilizes.

**Confidence Ranking:** \$\$