

Zacks Small-Cap Research

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TowerJazz (TSEM-NASDAQ)

TSEM: Plans to Invest \$100 Million to Expand Capacity in Japan

We believe that the stock could be worth \$21.00 next year using industry average PE ratios given current earnings estimates.

Current Price (07/30/19) \$19.96
Valuation **\$21.00**

OUTLOOK

TowerJazz is a pure-play analog semiconductor wafer foundry that manufactures SiGe, MEMS, RF, embedded flash-based memory, analog/mixed-signal, and CMOS image-sensor devices in the US, Israel and Japan. It is serving high growth markets such as RF High Position analog, CMOS image sensors, and power management. It is reached the end of its first contract with its partner Panasonic and is receiving lower revenues from them since March 31 affecting revenue growth but possibly not profits. In 2020 it will expand capacity in Japan with a \$100 million investment in its fab.

SUMMARY DATA

52-Week High \$22.49
52-Week Low \$13.59
One-Year Return (%) -1.1
Beta 1.3
Average Daily Volume (sh) 517,256

Shares Outstanding (mil) 106.3
Market Capitalization (\$mil) \$2,154
Short Interest Ratio (days) 3.4
Institutional Ownership (%) 52
Insider Ownership (%) 1

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) 15.6
Earnings Per Share (%) -4.6
Dividend (%) N/A

P/E using TTM EPS 15.1
P/E using 2019 Estimate 20.0
P/E using 2020 Estimate 15.7

Zacks Rank N/A

Risk Level
Type of Stock
Industry
Average
Mid-Value
Elec Comp-Semis

ZACKS ESTIMATES

Revenue

(in millions of \$)

| | Q1 | Q2 | Q3 | Q4 | Year |
|------|-------|-------|-------|-------|---------|
| | (Mar) | (Jun) | (Sep) | (Dec) | (Dec) |
| 2017 | 330 A | 345 A | 355 A | 358 A | 1,387 A |
| 2018 | 313 A | 335 A | 323 A | 334 A | 1,304 A |
| 2019 | 310 A | 306 A | 312 E | 312 E | 1,240 E |
| 2020 | | | | | 1,312 E |

Earnings Per Share

(Adjusted non-GAAP Diluted)

| | Q1 | Q2 | Q3 | Q4 | Year |
|------|----------|----------|----------|----------|----------|
| | (Mar) | (Jun) | (Sep) | (Dec) | (Dec) |
| 2017 | \$0.50 A | \$0.54 A | \$0.60 A | \$0.58 A | \$2.21 A |
| 2018 | \$0.31 A | \$0.42 A | \$0.37 A | \$0.41 A | \$1.51 A |
| 2019 | \$0.30 A | \$0.24 A | \$0.24 E | \$0.25 E | \$1.00 E |
| 2020 | | | | | \$1.27 E |

Zacks Projected EPS Growth Rate - Next 5 Years % **10**

WHAT'S NEW

TowerJazz Makes Decision to Invest \$100 Million to Expand Its TPSCo Uozu Fab

After pondering its options and scouring for acquisitions, TowerJazz has finally reached a decision on its next capacity expansion plan. It has decided to invest \$100 million in the 300mm TPSCo fab in Uozu, Japan. This will add capacity for its highly differentiated 300mm RF SOI, 65nm BCD Power Management, and CMOS imagers, both smallest pixel global shutter industrial imagers as well as high quantum efficiency stack imagers for facial recognition and high-end photography platforms, all of whom are exhibiting demand outstripping current capacity. The company pointed out that in the second quarter the Uozu fab experienced increased capacity utilization of 33 points. Equipment that will start to be ordered in 2019, will ultimately be installed in the first half of 2020.

Q2 2019 Margins Were at Four Year Low, But Sequential Improvement is Expected

TowerJazz reported Q2 2019 revenues of \$306 million versus \$310 million in Q1 and \$345 million a year ago (down 9%). Of that decline, \$22 million came from Panasonic whose current deal allows them to pay lower revenues to TowerJazz than before. The company guided to a revenue range of \$296 million to \$328 million for Q3 2019, which has a midpoint of \$312 million, showing sequential improvement, although down year over year. New terms in TowerJazz's agreement with Panasonic went into effect March 31, 2019, reducing revenues paid by Panasonic to the joint venture of approximately \$20 million dollars per quarter. The company is hopeful that these new terms, while reducing revenues, might produce less of a hit on net income for TowerJazz from reduced taxes and the elimination of dividend payments to Panasonic. In 2017 TowerJazz paid Panasonic a \$4.4 million dividend. The company continues to suffer from an industry-wide slump particularly in data center sales and as of yet has not seen a rebound. 2020 should benefit from a pick up as well as increased capacity for high demand products.

Gross margin for the first quarter was 17.4% versus 23.4% a year ago and 20.4% in Q1 2019. It has not been this low since Q1 2015 and given we expect sequential sales improvement, we also expect expanding margins. This could be a margin trough for the company and be an excellent entry point for investors.

Operating expenses increased \$1.4 million year over year but were down \$159,000 sequentially. The operating margin declined to 6% from 13% year over year. On a dollar basis it was down 60%.

Last year's pretax profit was \$38.8 million hurt by a \$7 million loss from non-cash financing expense, this year without that expense, and a gain of \$947,000, pretax profit was only \$18.7 million.

In the quarter there was a reversal of taxes of \$1 million putting the six-month tax rate at 1.4% where it is expected to stay in 2019. This compares with a tax rate of 4.3% last year.

GAAP net income was \$20.9 million versus \$37.7 million last year, while non-GAAP net income was \$25.3 million versus \$42.1 million.

Diluted GAAP EPS was \$0.20 per share versus \$0.37 last year. Adjusted non-GAAP EPS declined to \$0.24 versus \$0.42 a year ago. Average diluted shares for the quarter were 107.1 million up from 101.1 million last year, due to the conversion of the Jazz bonds.

EBITDA for the second quarter of 2019 was \$70.1 million compared to \$95.5 million a year ago.

Balance Sheet and Capacity

The company has **cash, short-term deposits, and marketable securities of \$699 million** compared to \$673 million last quarter while also increasing debt by \$13 million to \$321 million versus \$309 million last quarter. TowerJazz reported an increase of debt as it complied with the implementation of accounting standard update, "ASU 2016-02, Leases," which was effective as of January 9, 2019. The company has ample cash for its \$100 million investment in capacity expansion in Japan.

Its quick ratio is high at 4.0xs and it has \$808 million in working capital. The company has been stockpiling cash to pay for both capacity expansion, as well as to acquire companies that contribute complementary products or technology.

The company has a goal to reach \$3.5 billion in revenues. It believes that it can grow organically to \$2.3 billion to \$2.5 billion with all its current and planned initiatives including the Takoma project, a new 8-inch semiconductor fab in Nanjing, China and expanding the Uozu fab. The rest is expected to come from acquisitions. The Chinese government has taken major ownership of the project in China and TowerJazz got its first milestone payment of \$10 million for services within the project scope. With current trade tariffs in place, TowerJazz is in a good position being able to provide product outside of China and in the long run, if tariffs continue, it could be at a competitive advantage versus Chinese fabs particularly by having Japanese fabs. It is waiting for the Chinese to secure funding for the project.

The current fab capacity will allow the company to grow revenues and improve margins through capacity utilization. TowerJazz had some decline in capacity utilization at Fab 3 utilization due to the decrease in silicon germanium demand for data centers; Fab 9, San Antonio facility, remained at about 50% utilization but was impacted by a decline in discretets. TowerJazz has made the decision to expand capacity by investing \$100 million at its Uozu 300 millimeter foundry in Japan. Although the blended capacity of the three TPSCo foundries is 50%, the Uozu 300-millimeter foundry is up 33 points and continues to experience demand that outstrips capacity.

The company targets 85% utilization at its fabs. Its current fabs were at the following capacity utilization at quarter end:

| | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fab1 Migdal Haemek, Israel 6" | 87% | 90% | 91% | 93% | 90% | 95% | 90% | 90% | 84% | 76% |
| Fab2 Migdal Haemek, Israel 8" | 89% | 85% | 86% | 85% | 80% | 85% | 80% | 76% | 70% | 80% |
| Fab3 Newport Beach, CA 8" | 87% | 86% | 81% | 76% | 80% | 85% | 85% | 90% | 80% | 70% |
| Three TPSCo factories | 50% | 50% | 58% | 60% | 50% | 50% | 60% | 55% | 50% | 50% |
| San Antonio, 8" | 60% | 60% | 60% | 60% | 55% | 60% | 50% | 50% | 50% | 50% |

RF Group

RF mobile business continues to show strong growth due to design wins in 2017 and 2018. Customers are forecasting demand outstripping TowerJazz's capacity and in the third quarter the company anticipates its highest demand from RF SOI ever. TowerJazz expects to continue to gain market share as it captures more design slots in 5G.

Within RF, infrastructure optical SiGe is experiencing an industry wide slump which is expected to last throughout 2019. Q3 sales should be below Q2 and there is no recovery in sight, particularly with the ban on Huawei equipment by the US government. Once resolved, demand should rebound as data traffic continues to grow, not decline.

Power Management

In 2018, this business was 34% of sales. It is enjoying an accelerated pipeline of design activity even though the automotive business is expected to be flat to down in 2019. Electric vehicles should prove a strong market for TowerJazz's family of power management with lithium-ion battery stacks. Strong prototyping activity from Tier 1 customers has contributed the decision to expand capacity in 300mm.

CMOS Image Sensors Business

In 2018, sensors were 18% of total revenue. There has been a pull back in this business due to weakness in China from tariffs and other trade war tactics. New projects are in the works including for large screen display inspection, facial recognition sensors for smartphones, and sensors for fingerprint detection under OLED and LCDs.

TOPS

The TOPS business is flat this year due to customers' inventory corrections and is comprised mostly of power discretes.

KEY POINTS

- Although the semiconductor market is typically considered cyclical, we believe that based on the end-user markets for which TowerJazz's products used, it should be less so. The company is currently being impacted in slow mobile handsets, data centers and infrastructure sales as well as weakness in China and the US ban on Huawei, which is delaying spending.
- As a foundry, the company has natural operating leverage given its high fixed costs. Every dollar in revenue tends to add over \$0.50 to gross margin. When the company adds 12" revenues that blended percentage will trend higher as 12" can sell at 60+ gross margins.
- The company has a strong market position in high quality imaging and 3D, which is increasing being used for gesturing controls, machine vision, security anti-crash systems and self driving cars, as well as smartphones with high megapixel cameras. In this area its primary competition is Sony, which makes it a preferable source for many companies that compete with Sony.
- The company has considerable exposure to 5G and should be a major beneficiary of this transition in 2020.
- Having Panasonic (who generated 33% of the company's revenues in 2018) as a partner gives the company increased stature in the industry and has attracted new customers who have a favorable disposition to working with a trusted and known company with high quality product and leading edge expertise in imaging. However TowerJazz expects to receive less revenue from Panasonic going forward and this has effected earnings expectations.
- We believe the stock is currently undervalued on a PE basis versus peers, as well as by PE to long-term growth rate. Our price target remains at \$21.00 per share, and we expect sequential improvement in earnings and margins going forward.

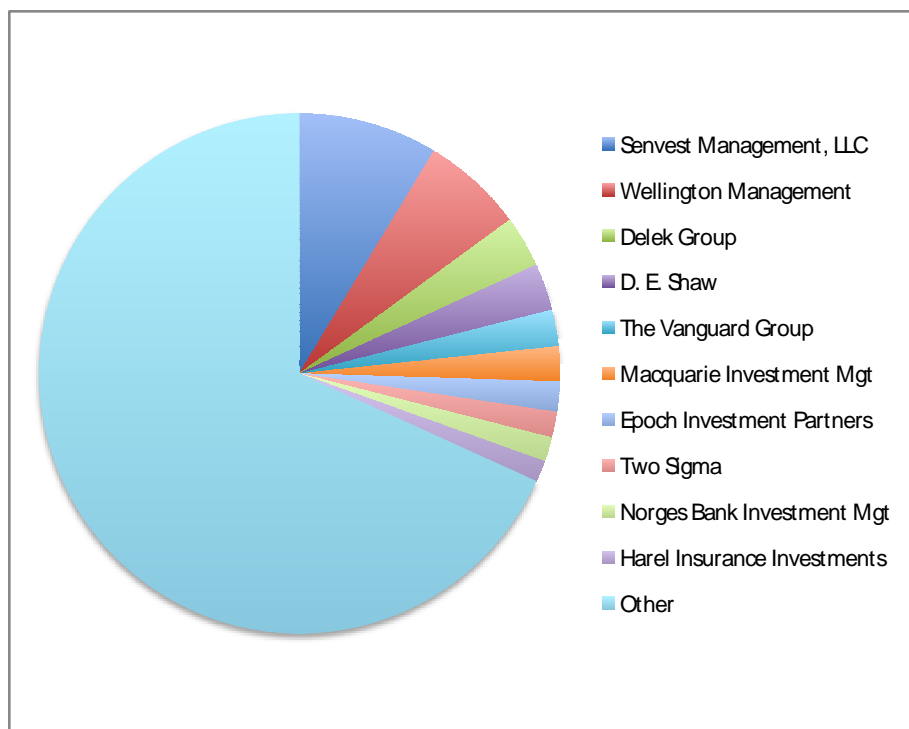
VALUATION

Our fully diluted non-GAAP EPS estimate for 2019 for TSEM is now \$1.00 but our 2020 EPS estimate remains at \$1.27, as does our price target of \$21.00. The biggest risks to the stock is that weakness in the industry in general and China in specific continues, or the ramp to 300 mm technology is impeded or constrained, or that an acquisition causes dilution or earnings hit.

Foundry Companies

| <u>Company</u> | <u>Ticker</u> | <u>EPS 19E</u> | <u>EPS 20E</u> | <u>Price</u> | <u>PE 2019</u> | <u>PE 2020E</u> |
|-----------------------------|---------------|----------------|----------------|--------------|----------------|-----------------|
| Semiconductor Manufacturing | SMI | 0.01 | -0.01 | 5.74 | 574.0 | -574.0 |
| Taiwan Semiconductor | TSM | 2.00 | 2.45 | 43.94 | 22.0 | 17.9 |
| United Microelectronics | UMC | 0.13 | 0.19 | 2.13 | 16.4 | 11.2 |
| X-Fab | XFAB.PA | 0 | 0 | 4.555 | NM | NM |
| Average | | | | | 19.2 | 14.6 |

OWNERSHIP



INCOME STATEMENT

| | March Q1 18 | June Q2 18 | Sept Q3 18 | Dec Q4 18 | March Q1 19 | June Q2 19 | Sept Q3 19E | Dec Q4 19E | 2018 | 2019E | 2020E |
|--|----------------|---------------|---------------|---------------|--------------------|--------------------|----------------|---------------|---------------|---------------|---------------|
| REVENUE | 312.7 | 335.1 | 322.6 | 333.6 | 310.1 [↑] | 306.1 [↑] | 312.0 | 312.0 | 1,304.0 | 1,240.2 | 1,312.0 |
| Yr-to-yr Gr. | -5% | -3% | -9% | -7% | -1% | -9% | -3% | -6% | -6% | -5% | 6% |
| OPERATING EXPENSES | | | | | | | | | | | |
| Cost of goods sold | 246.5 | 256.6 | 250.0 | 258.0 | 247.0 | 252.7 | 256.2 | 256.2 | 1,011.1 | 1,012.1 | 1,055.1 |
| Gross Margin | 66.2 | 78.5 | 72.6 | 75.6 | 63.2 | 53.4 | 55.8 | 55.8 | 292.9 | 228.1 | 256.9 |
| % of Sales | 21.2% | 23.4% | 22.5% | 22.7% | 20.4% | 17.4% | 17.9% | 17.9% | 22.5% | 18.4% | 19.6% |
| R&D | 18.3 | 18.2 | 18.2 | 18.4 | 19.2 | 18.8 | 19.0 | 19.0 | 73.1 | 76.0 | 75 |
| M, G&A | 16.0 | 16.1 | 15.8 | 17.0 | 16.6 | 16.8 | 16.8 | 16.8 | 65.0 | 67.2 | 68 |
| One-time charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Tot Operating Exp. | 34.3 | 34.3 | 34.1 | 35.4 | 35.8 | 35.7 | 35.8 | 35.8 | 138.0 | 143.1 | 143.0 |
| Operating Income | 31.9 | 44.2 | 38.6 | 40.2 | 27.3 | 17.8 | 19.9 | 19.9 | 154.9 | 85.0 | 113.9 |
| Operating Margin | 10% | 13% | 12% | 12% | 9% | 6% | 6% | 6% | 12% | 7% | 9% |
| Yr-to-yr Gr. | -40% | -23% | -30% | -26% | -14% | -60% | -48% | -50% | -30% | -42% | 27% |
| Net Interest | (0.6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.6) | 0.0 | 0.0 |
| Other non-cash financing expense | (3.2) | (7.0) | (2.5) | (3.9) | 0.7 | 0.9 | 1.0 | 1.0 | (16.6) | 3.7 | 4.1 |
| Other income | 0.0 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 0.0 | 0.0 |
| Gain from acquisition | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit before tax | 28.1 | 38.8 | 36.1 | 36.3 | 28.1 | 18.7 | 20.9 | 20.9 | 139.3 | 88.7 | 118.0 |
| Profit margin | 9.0% | 11.6% | 11.2% | 10.9% | 9.1% | 6.1% | 6.7% | 6.7% | 10.7% | 7.1% | 9.0% |
| Taxes | (1.0) | (2.8) | (2.4) | 0.2 | (1.7) | 1.0 | (0.3) | (0.3) | (5.9) | (1.2) | (3.5) |
| Tax Rate | 3.4% | 7.2% | 6.6% | -0.5% | 5.9% | 5.4% | 1.4% | 1.4% | 4.3% | 1.4% | 3.0% |
| Profit before non-controlling Minority Income | 27.2 (1.1) | 36.0 1.7 | 33.7 (0.0) | 36.5 1.6 | 26.4 (0.2) | 19.7 1.2 | 20.7 1.8 | 20.7 2.0 | 133.4 2.2 | 87.4 4.8 | 114.4 8.0 |
| GAAP Net income | 26.1 | 37.7 | 33.6 | 38.1 | 26.2 | 20.9 | 22.5 | 22.7 | 135.6 | 92.3 | 122.4 |
| Yr-to-yr Gr. | -43% | -25% | -39% | -74% | 0% | -45% | -33% | -41% | -55% | -32% | 33% |
| Non-GAAP Net Income | 31.1 | 42.1 | 38.0 | 43.6 | 31.7 | 25.3 | 25.9 | 27.1 | 154.8 | 108.85 | 138.01 |
| GAAP primary EPS | \$0.27 | \$0.38 | \$0.34 | \$0.37 | \$0.25 | \$0.20 | \$0.21 | \$0.21 | 1.35 | \$0.87 | \$1.15 |
| Fully diluted GAAP | \$0.26 | \$0.37 | \$0.33 | \$0.36 | \$0.25 | \$0.20 | \$0.21 | \$0.21 | 1.32 | \$0.86 | \$1.14 |
| Adj Non-GAAP EPS-Fully dil. | \$0.31 | \$0.42 | \$0.37 | \$0.41 | \$0.30 | \$0.24 | \$0.24 | \$0.25 | \$1.51 | \$1.00 | \$1.27 |
| Yr-to-yr Gr. | -48% | -31% | -45% | -38% | -20% | -53% | -44% | -49% | -32% | -34% | 27% |
| Primary Share Out | 98.5 | 98.9 | 100.2 | 104.0 | 105.3 | 106.3 | 106.3 | 106.3 | 100.4 | 106.1 | 106.3 |
| Fully Diluted GAAP | 101.1 | 101.1 | 102.1 | 105.8 | 107.0 | 107.2 | 107.2 | 107.2 | 102.5 | 107.1 | 107.2 |
| All in shares | 107.7 | 107.9 | 108.1 | 108.1 | 108.2 | 109.0 | 109.0 | 109.0 | 108.0 | 108.8 | 109.0 |
| EBITDA | 84.3 | 95.5 | 89.1 | 92.7 | 78.8 | 70.1 | 89.0 | 70.6 | 361.6 | 289.0 | 317.9 |
| EBITDA Margin | 27% | 29% | 28% | 28% | 25% | 23% | 29% | 23% | 28% | 23% | 24% |

BALANCE SHEET

| \$ in thousands | June 30, 2019 | Mar. 31, 2019 | Qtr-Qtr % Change | June 30, 2018 | Yr-Yr % Change |
|---|--------------------|--------------------|---------------------|--------------------|-------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$405,158 | \$408,098 | -0.7% | \$486,880 | -16.8% |
| Short term deposits | \$147,032 | \$121,101 | 21.4% | \$0 | NM |
| Marketable securities | \$146,893 | \$144,023 | 2.0% | \$140,140 | 4.8% |
| Trade accounts receivable | 123,789 | 134,223 | -7.8% | 161,017 | -23.1% |
| Inventories | 174,806 | 173,782 | 0.6% | 153,413 | 13.9% |
| Other current assets | 22,374 | 22,084 | 1.3% | 19,089 | 17.2% |
| Total current assets | 1,020,052 | 1,003,311 | 1.7% | 960,539 | 6.2% |
| LONG-TERM INVESTMENTS | 36,874 | 36,117 | 2.1% | 28,978 | 27.2% |
| PROPERTY AND EQUIPMENT, NET | 707,122 | 698,447 | 1.2% | 648,413 | 9.1% |
| INTANGIBLE ASSETS, NET | 11,279 | 11,759 | -4.1% | 16,671 | -32.3% |
| GOODWILL | 7,000 | 7,000 | 0.0% | 7,000 | 0.0% |
| DEFERRED TAX & OTHER ASSETS, NET | 89,171 | 89,357 | -0.2% | 101,022 | -11.7% |
| TOTAL ASSETS | 1,871,498 | 1,845,991 | 1.4% | 1,762,623 | 6.2% |
| CURRENT LIABILITIES | | | | | |
| Short term debt | 45,173 | 43,148 | 4.7% | 100,242 | -54.9% |
| Trade accounts payable | 92,747 | 109,536 | -15.3% | 126,135 | -26.5% |
| Deferred revenue | 7,975 | 9,213 | -13.4% | 10,297 | -22.6% |
| Other current liabilities | 65,904 | 60,512 | 8.9% | 75,867 | -13.1% |
| Total current liabilities | 211,799 | 222,409 | -4.8% | 312,541 | -32.2% |
| LONG-TERM DEBT | | | | | |
| LONG-TERM CUSTOMERS' ADVANCES | 27,230 | 28,939 | -5.9% | 29,771 | -8.5% |
| EMPLOYEE RELATED LIABILITIES | 14,295 | 14,092 | 1.4% | 14,616 | -2.2% |
| DEFERRED TAX LIABILITY | 47,403 | 47,968 | -1.2% | 56,335 | -15.9% |
| Total liabilities | 576,641 | 578,805 | -0.4% | 661,948 | -12.9% |
| SHAREHOLDERS' EQUITY | 1,294,857 | 1,267,186 | 2.2% | 1,100,675 | 17.6% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$1,871,498 | \$1,845,991 | 1.4% | \$1,762,623 | 6.2% |
| Current Ratio | 4.8 | 4.5 | 6.8% | 3.1 | 56.7% |
| Quick Ratio | 4.0 | 3.7 | 7.0% | 2.6 | 54.5% |
| Working Capital | 808,253 | 780,902 | 3.5% | 647,998 | 24.7% |
| Debt Percent of Assets | 17% | 17% | 2.6% | 20% | -13.3% |
| Debt to Equity | 0.2 | 0.2 | 1.8% | 0.3 | -21.8% |
| Cash and equivalents | \$699,083 | 673,222 | 3.8% | \$627,020 | 11.5% |
| Cash and equivalents per share | \$6.52 | \$6.29 | 3.6% | \$6.20 | 5.1% |
| Debt | 321,087 | 308,545 | 4.1% | 348,927 | -8.0% |

CASH FLOW

| | 3-Mo | 3-Mo | 3-Mo | 3-Mo | Year | 3-Mo | 3-Mo | 3-Mo | 3-Mo | Year | 3-Mo | 3-Mo |
|--|---------------|---------------|----------------|-----------------|----------------|---------------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|
| | 31-Mar-17 | 30-Jun-17 | 30-Sep-17 | 31-Dec-17 | 2017 | 31-Mar-18 | 30-Jun-18 | 30-Sep-18 | 31-Dec-18 | 2018 | 31-Mar-19 | 30-Jun-19 |
| CASH FLOWS - OPERATING ACTIVITIES | | | | | | | | | | | | |
| Net profit (loss) | \$ 47,046 | \$ 51,727 | \$ 54,241 | \$ 148,642 | \$ 301,656 | \$ 27,181 | \$ 36,009 | \$ 33,674 | \$ 36,515 | \$ 133,379 | \$ 26,400 | \$ 19,722 |
| Income and non-cash expense items: | | | | | | | | | | | | |
| Depreciation and amortization | 49,698 | 52,389 | 55,014 | 51,310 | 208,411 | 53,977 | 53,493 | 52,764 | 54,157 | 214,391 | 52,014 | 52,853 |
| Effect of fair value measurement on debt | 6,888 | 4,873 | (1,177) | 2,281 | 12,865 | (1,740) | (4,797) | 788 | (4,042) | (9,791) | 4,001 | 2,204 |
| Other expense (income), net | (511) | (142) | 253 | 3,027 | 2,627 | (22) | (1,578) | 36 | 4,006 | 2,442 | (17) | (428) |
| Changes in assets and liabilities: | | | | | | | | | | | | |
| Trade accounts receivable | 9,529 | (17,242) | 361 | 788 | (6,564) | 8,089 | (18,351) | (3,767) | 10,933 | (3,096) | 18,606 | 12,665 |
| Other receivables and other current assets | (4,439) | (7,307) | 2,980 | 445 | (8,321) | 3,370 | 5,713 | (919) | 3,096 | 11,260 | (3,705) | (2,050) |
| Inventories | (1,421) | 1,688 | (4,636) | 92 | (4,277) | (2,692) | (6,713) | (7,237) | (9,702) | (26,344) | (3,395) | 378 |
| Trade accounts payable | (4,128) | (6,530) | 4,795 | (2,786) | (8,649) | (6,313) | 10,222 | (2,688) | (4,783) | (3,562) | (2,651) | (12,553) |
| Deferred revenue and customers' advances | (8,735) | (4,564) | 9,378 | (17,882) | (21,803) | (712) | (5,466) | 35 | 8,768 | 2,625 | (10,685) | (2,964) |
| Other current liabilities | (9,090) | 12,866 | (13,760) | 1,765 | (8,219) | (4,219) | 13,355 | (2,764) | (7,239) | (867) | (4,803) | 2,957 |
| Employee related liabilities | (257) | (234) | (274) | (2,482) | (3,247) | (387) | 193 | (240) | (361) | (795) | 68 | (29) |
| Deferred tax liability, net | (2,440) | (3,230) | (3,259) | (99,915) | (108,844) | (1,531) | (5,151) | (211) | 148 | (6,745) | (965) | (599) |
| Net cash provided by operating activities | 82,140 | 84,294 | 103,916 | 85,285 | 355,635 | 75,001 | 76,929 | 69,471 | 91,496 | 312,897 | 74,868 | 72,156 |
| CASH FLOWS - INVESTING ACTIVITIES | | | | | | | | | | | | |
| Investments in property and equipment, net | (40,348) | (41,312) | (41,708) | (41,349) | (164,717) | (40,047) | (40,148) | (40,892) | (48,654) | (169,741) | (41,718) | (43,727) |
| Interest bearing deposits, including designated deposits | (5,118) | 0 | (49,869) | (64,867) | (114,736) | (14,963) | (15,488) | (4,899) | (123,126) | (158,476) | (6,726) | (27,099) |
| Net cash provided by (used in) investing activities | (45,466) | (41,312) | (91,577) | (106,216) | (279,453) | (55,010) | (55,636) | (45,791) | (171,780) | (328,217) | (48,444) | (70,826) |
| CASH FLOWS - FINANCING ACTIVITIES | | | | | | | | | | | | |
| Exercise of warrants and options | 12,756 | 14,254 | 1,027 | 3,278 | 31,315 | 658 | 26 | 21 | 9 | 714 | 397 | 0 |
| Debt repayment | (11,805) | (5,655) | (15,932) | (16,863) | (50,255) | (6,656) | 3,809 | (43,078) | (2,924) | (48,849) | (3,074) | (7,475) |
| TPSCO dividend to Panasonic | (4,378) | 0 | 0 | 0 | (4,378) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash used in financing activities | (3,427) | 8,599 | (14,905) | (13,585) | (23,318) | (5,998) | 3,835 | (43,057) | (2,915) | (48,135) | (2,677) | (7,475) |
| Effect of foreign exchange rate change | 4,371 | (91) | (630) | 70 | 3,720 | 4,707 | (2,909) | (3,057) | 3,844 | 2,585 | (740) | 3,205 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 37,618 | 51,490 | 51,771 | (34,446) | 56,584 | 18,700 | 22,219 | (22,434) | (79,355) | (60,870) | 23,007 | (10,415) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 355,284 | 432,113 | 311,062 | 480,407 | 389,377 | 445,961 | 464,661 | 486,880 | 464,446 | 445,961 | 385,091 | 408,098 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | 392,902 | 483,603 | 362,833 | 445,961 | 445,961 | 464,661 | 486,880 | 464,446 | 385,091 | 385,091 | 408,098 | 397,683 |
| Operating Cash Flow | \$ 103,121 | \$ 108,847 | \$ 108,331 | \$ 205,260 | \$ 525,559 | \$ 79,396 | \$ 83,127 | \$ 87,262 | \$ 90,636 | \$ 340,421 | \$ 82,398 | \$ 74,351 |
| Free cash flow | \$ 62,773 | \$ 67,535 | \$ 66,623 | \$ 163,911 | \$ 360,842 | \$ 39,349 | \$ 42,979 | \$ 46,370 | \$ 41,982 | \$ 170,680 | \$ 40,680 | \$ 30,624 |

HISTORICAL STOCK PRICE



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