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Zacks Small-Cap Research

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TowerJazz (TSEM-NASDAQ)

TSEM: After Q1 2020, Growth Should Resume for TowerJazz

We believe that the stock could be worth $30.00 next year using a 20x PE on 2021 EPS of $1.50.

Current Price (02/18/20)	$21.82
Valuation	**$30.00**

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 in mobile such as RF High Position analog, as well as in CMOS image sensors, and power management. In 2020 it will expand capacity in Japan with a $100 million investment in its fab and expects to resume growth.

SUMMARY DATA

52-Week High	**$25.68**
52-Week Low	**$14.60**
One-Year Return (%)	**19.8**
Beta	**1.3**
Average Daily Volume (sh)	**368,740**
Shares Outstanding (mil)	**106.7**
Market Capitalization ($mil)	**$2,328**
Short Interest Ratio (days)	**6.4**
Institutional Ownership (%)	**55**
Insider Ownership (%)	**1**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**10.1**
Earnings Per Share (%)	**-13.5**
Dividend (%)	**N/A**
P/E using TTM EPS	**21.8**
P/E using 2020 Estimate	**18.2**
P/E using 2021 Estimate	**14.5**
Zacks Rank	**N/A**

Risk Level	**Below Average**
Type of Stock	**Mid-Blend**
Industry	**Elec Comp-Semis**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	313 A	345 A	323 A	334 A	1,304 A
2019	310 A	306 A	312 A	306 A	1,234 A
2020	298 E	321 E	335 E	346 E	1,300 E
2021					1,365 E

Earnings Per Share
(Adjusted non-GAAP Diluted)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	$0.31 A	$0.42 A	$0.37 A	$0.41 A	$1.51 A
2019	$0.30 A	$0.24 A	$0.25 A	$0.22 A	$1.00 A
2020	$0.17 E	$0.23 E	$0.35 E	$0.40 E	$1.20 E
2021					$1.50 E

Zacks Projected EPS Growth Rate - Next 5 Years % **15**

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Q4 Results

Q4 revenues came in below the midpoint of guidance, but within the guidance range disappointing some. If one were to find a reason it would due to less discrete business that might have been obtained, which in general has lower visibility. Q1 guidance for revenues was $300 million plus or minus 5%, and was near street expectations. This guidance takes into account a few million less in revenues due to the extended Chinese New Year holiday which kept some production at customers' locations closed for extra days.

Revenues for Q4 were $306 million down $28 million or 8.4%. Of that decline, revenues from Panasonic and Maxim combined were down $36 million; $23 million of it was due to renegotiated terms with Panasonic. Revenues from everyone else grew $8 million. So even with out the renegotiation (presumably from the decline in market prices for products bought,) sales to Panasonic and Maxim declined $13 million and the quarter would have been down year over year. Going forward we know Maxim has declining commitments in its contract and it will be buying less in 2020 and beyond.

With the reduction in sales and renegotiated terms, gross margin declined from 22.7% to 17.9%, while gross margin dollars came down $21 million or 28%.

Operating expenses increased $540,000 year over year, and were up $372,000 sequentially. The operating margin declined to 6.2% from 13.2% year over year. On a dollar basis it was down 53%.

Other income was $3.1 million compared to an expense of $3.9 million a year ago. The income was mainly due to interest.

Pretax profit was $22.0 million versus $36.3 million a year ago.

The company paid taxes of $2.4 million in the quarter versus a reversal of $200,000 a year ago. For the total year the tax rate was 3.2%. This compares with a tax rate of 4.3% last year and the expectation of a 4% tax rate in 2020.

GAAP net income was $20.7 million versus $38.1 million last year, while non-GAAP net income was $24.2 million versus $43.6 million.

Diluted GAAP EPS was $0.19 per share versus $0.37 last year. Adjusted non-GAAP EPS declined to $0.22 versus $0.41 a year ago. Average diluted shares for the quarter were 108.0 million, up from 105.8 last year.

EBITDA for the fourth quarter of 2019 was $74.6 million compared to $92.7 million a year ago and down sequentially from $75.3 million in Q3 2019.

Balance Sheet and Capacity

The company has **cash, short-term deposits, and marketable securities of $747 million** compared to $723 million last quarter while decreasing debt by $7.7 million to $312 million. Its quick ratio is high at 3.5xs and it has $835 million in working capital. The company has been stockpiling cash to pay for both capacity expansion, as well as acquiring companies that contribute complementary products or technology. This year's planned capacity expansion should be funded out of operating cash flow, leaving current balances the same.

The company plans to invest $100 million in capacity expansion in Japan, plus another $20 million for QT9 capacity (TSEM's new 200-millimeter RF SOI technology). As a result, cap ex will be higher than usual in 2020. Plans are to spend the typical $42-44 million per quarter, plus the extra $100 million spent entirely in the first three quarters, plus $20 million for QT9 (spent equally in Q3 and Q4.) Thus total cap ex for the year should be approximately $290 million. This incremental spending could possibly put the company into negative free cash flow territory. Equipment is expected to be installed in the first half of 2020 and the capacity increase should be fully available by the end of the first half of Q2. The company estimates that at full utilization this capacity could provide $70 million in annual revenues and leave the company with a total revenue capacity of $1.65 billion.

Full Year Results

This TowerJazz ended up with a second year of down revenues at $1.234 billion compared to $1.304 billion in 2018 and $1.387 billion at its peak in 2017. We believe approximately all of $70 million. Non-Panasonic and Maxim revenues (called organic) grew 5% or $41 million, while orders from those two shrunk 21% or $110 million. Of that $110 million, $70 may have been from the Panasonic contract renegotiation. To drill deeper, in the second half of 2019 specifically, silicon germanium (SiG) sales inventory corrections caused a decrease of purchases for data center (-25%,) discrete (-18%) and industrial sensors (-25%.) Overall silicon germanium revenue was down 8% year-over-year. Orders since then have picked up which should be reflected in sales in the second half of the year. Second half sales of silicon germanium should be up 20% sequentially from the first half.

For the year the breakdown by end user market was as follows:

End Markets $Millions	2018	2019	$ Change	% Change
Wireless	$220	$263	$43	19.5%
Other power devices	325	262	-63	-19.4%
Infrastructure	135	136	1	0.7%
Automotive	135	129	-6	-4.4%
Consumer/computing/security	150	120	-30	-20.0%
Industrial	80	61	-19	-23.8%
Aerospace and defense	50	51	1	2.0%
High End Photography	50	50	0	0.0%
Medical	40	47	7	17.5%
Unknown	120	115	-5	-4.2%
Total	1,305	1,234	-71	-5.4%

With the reduction in sales and renegotiated terms, gross margin for the year declined from 22.5% to 18.6%, while gross margin dollars came down $63 million or 22%.

Operating expenses increased $5 million from last year. The operating margin declined to 7.0% from 11.9% year over year. On a dollar basis it was down 44%.

Operating profit was $91.0 million versus $139.3 million a year ago.

Other income was $4.3 million compared to an expense of $16.6 million a year ago. The income was mainly due to interest income compared with interest expense a year ago.

The company paid taxes of $2.9 million versus $5.9 million a year ago at a tax rate of 3.2%. This compares with a tax rate of 4.3% last year.

GAAP net income was $90.0 million versus $135.6 million last year, while non-GAAP net income was $107.7 million versus $154.8 million.

Diluted GAAP EPS was $0.84 per share versus $1.32 last year. Adjusted non-GAAP EPS declined to $1.00 versus $1.51 a year ago. Average diluted shares for the year were 107.4 million, up from 102.5 last year.

EBITDA for 2019 was $299 million compared to $362 million a year ago and down from $425 million in 2017.

2020

In 2020, only Q1 will be affected by the contract renegotiation, making overall growth more attainable. The 2020 revenue forecast assumes flat Panasonic revenues after taking out $23 million for contract renegotiation in Q1, Maxim declines of $9 million (also by design in its contract), and growth of 12% for the rest of the business ("low double digits.") This adds to a total of $1.3 billion.

Panasonic is Selling its Holding in TPSCo to Nuvoton as of June 1, 2020

As the result of the corporate-wide strategy of Panasonic Corp. to purge its unprofitable businesses, Panasonic is selling all its semiconductor operations to Nuvoton Technology Corporation (TSEC: 4919) for $250 million in cash. This sale includes Panasonic's interest in TPSCo, the joint venture with TowerJazz. The sale set to happen on June 1, 2020 will keep the current Panasonic contract unchanged with TPSCo.

Utilization

The current fab capacity will allow the company to grow revenues and improve margins through capacity utilization. Fab 1 utilization picked up a bit in power discretes, as did San Antonio. TowerJazz has made the decision to expand capacity by investing $100 million at its Uozu 300 millimeter foundry in Japan. The capacity utilization of the 8" TPSCo foundries were 55%, but the Uozu 300-millimeter foundry is now at 70% up from 60% last quarter and expectations are for increased capacity and production there again next quarter.

The company targets 85% utilization at its fabs and believes that level gives the company the capacity to generate $1.65 billion in revenues. Its current fabs were at the following capacity utilization at quarter end:

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Fab1 Migdal Haemek, Israel 6"	90%	95%	90%	90%	84%	76%	60%	70%
Fab2 Migdal Haemek, Israel 8"	80%	85%	80%	76%	70%	80%	80%	70%
Fab3 Newport Beach, CA 8"	80%	85%	85%	90%	80%	70%	50%	50%
Three TPSCo factories	50%	50%	60%	55%	50%	50%	55%	60%
San Antonio, 8"	55%	60%	50%	50%	50%	50%	50%	55%
Average	71%	75%	73%	72%	67%	65%	59%	61%

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. 300nm product also enjoys higher 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.
- The company has no fabs in China and suffers less disruption to its business than its Chinese competitors due to the coronavirus.
- We believe the stock is currently undervalued on a PE basis versus peers. Our price target is $30.00 per share, and we expect continued sequential improvement in earnings and margins going forward.

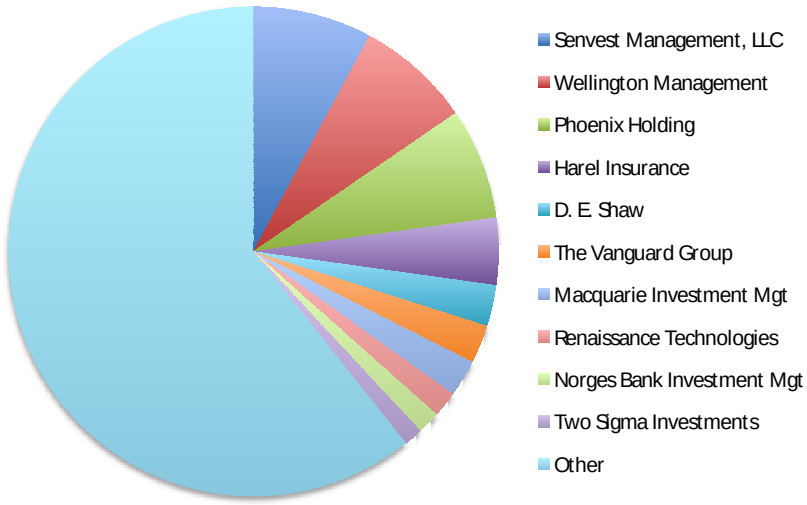
VALUATION

Our fully diluted non-GAAP EPS estimate for 2020 for TSEM is $1.20 and our 2021 EPS estimate is $1.50. With projected 26% EPS growth we believe the stock deserves a PE of at least 20xs or a stock price of $30 per share by next year.

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 disputes with Huawei slows the global deployment of 5G, or that an acquisition causes dilution or earnings hit.

Foundry Companies								**2020E**	
	Ticker	**EPS 20E**	**EPS 21E**	**Price**	**PE 2020E**	**PE 2021E**	**Growth Rate**	**Sales**	**EV/Sales**
Company									
Semiconductor Manufacturing	SMICY	0.15	0.19	10.10	67.3	53.2	26.7%	3.12	4.43
Taiwan Semiconductor	TSM	2.94	3.40	57.94	19.7	17.0	15.6%	42.60	6.84
United Microelectronics	UMC	0.21	0.28	2.68	12.8	9.6	33.3%	5.70	1.13
Average					33.3	26.6			4.1

OWNERSHIP



Source: Zacks Investment Research

INCOME STATEMENT

	March Q1 18	June Q2 18	Sept Q3 18	Dec Q4 18	March Q1 19	June Q2 19	Sept Q3 19	Dec Q4 19	March Q1 20E	June Q2 20E	Sept Q3 20E	Dec Q4 20E	2018	2019	2020E	2021E
REVENUE	312.7	335.1	322.6	333.6	310.1	306.1	312.1	305.7	298.0	321.0	335.0	346.0	1,304.0	1,234.0	1,300.0	1,365.0
Yr-to-yr Gr.	-5%	-3%	-9%	-7%	-1%	-9%	-3%	-8%	-4%	5%	7%	13%	-6%	-5%	5%	5%
														70.0		
OPERATING EXPENSES																
Cost of goods sold	246.5	256.6	250.0	258.0	247.0	252.7	253.8	250.9	247.0	258.5	265.5	271.0	1,011.1	1,004.3	1,042.1	1,074.6
Gross Margin	66.2	78.5	72.6	75.6	63.2	53.4	58.3	54.8	51.0	62.5	69.5	75.0	292.9	229.7	257.9	290.4
% of Sales	21.2%	23.4%	22.5%	22.7%	20.4%	17.4%	18.7%	17.9%	17.1%	19.5%	20.7%	21.7%	22.5%	18.6%	19.8%	21.3%
R&D	18.3	18.2	18.2	18.4	19.2	18.8	18.7	18.9	18.8	18.7	18.7	18.7	73.1	75.6	74.9	78.0
M, G&A	16.0	16.1	15.8	17.0	16.6	16.8	16.8	17.1	16.9	17.0	17.0	17.0	65.0	67.4	67.9	68.0
One-time charges	0.0	0.0	0.0	0.0	0.0	0.0	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	35.6	35.9	35.7	35.7	35.7	35.7	138.0	143.0	142.8	146.0
Operating Income	31.9	44.2	38.6	40.2	27.3	17.8	22.7	18.9	15.3	26.8	33.8	39.3	154.9	86.7	115.1	144.4
Operating Margin	10%	13%	12%	12%	9%	6%	7%	6%	5%	8%	10%	11%	11.9%	7.0%	9%	11%
Yr-to-yr Gr.	-40%	-23%	-30%	-26%	-14%	-60%	-41%	-53%	-44%	51%	49%	108%	-30%	-44%	33%	25%
Interest & other non-cash financing	(3.2)	(7.0)	(2.5)	(3.9)	0.7	0.9	(0.4)	3.1	1.2	1.3	1.4	1.5	(16.6)	4.3	5.4	0.0
Other income	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0
Gain from acqusiition	0.0	0.0	0.0	0.0	0.0	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	22.3	22.0	16.5	28.1	35.2	40.8	139.3	91.0	120.5	144.4
Profit margin	9.0%	11.6%	11.2%	10.9%	9.1%	6.1%	7.1%	7.2%	5.5%	8.7%	10.5%	11.8%	10.7%	7.4%	9.3%	10.6%
Taxes	(1.0)	(2.8)	(2.4)	0.2	(1.7)	1.0	0.1	(2.4)	(0.7)	(1.1)	(1.4)	(1.6)	(5.9)	(2.9)	(4.8)	(5.8)
Tax Rate	3.4%	7.2%	6.6%	-0.5%	5.9%	5.4%	0.3%	10.7%	4.0%	4.0%	4.0%	4.0%	4.3%	3.2%	4.0%	4.0%
Profit before non-controlling	27.2	36.0	33.7	36.5	26.4	19.7	22.4	19.6	15.8	27.0	33.7	39.1	133.4	88.1	115.7	138.6
Minority Income	(1.1)	1.7	(0.0)	1.6	(0.2)	1.2	(0.2)	1.1	(0.5)	0.0	0.0	0.0	2.2	2.0	(2.0)	8.0
GAAP Net income	26.1	37.7	33.6	38.1	26.2	20.9	22.2	20.7	15.3	27.0	33.7	39.1	135.6	90.0	113.7	146.6
Yr-to-yr Gr.	-43%	-25%	-39%	-74%	0%	-45%	-34%	-46%	-42%	29%	52%	89%	-55%	-34%	26%	29%
Non-GAAP Net Income	31.1	42.1	38.0	43.6	31.7	25.3	26.5	24.2	18.8	25.3	37.9	43.4	154.8	107.68	129.50	162.53
GAAP primary EPS	$0.27	$0.38	$0.34	$0.37	$0.25	$0.20	$0.21	$0.19	$0.14	$0.25	$0.32	$0.37	1.35	$0.85	$1.07	$1.37
Fully diluted GAAP	$0.26	$0.37	$0.33	$0.36	$0.25	$0.20	$0.21	$0.19	$0.24	$0.19	$0.21	$0.36	1.32	$0.84	$1.05	$1.36
Adj Non-GAAP EPS-Fully dil.	**$0.31**	**$0.42**	**$0.37**	**$0.41**	**$0.30**	**$0.24**	**$0.25**	**$0.22**	**$0.17**	**$0.23**	**$0.35**	**$0.40**	**$1.51**	**$1.00**	**$1.20**	**$1.50**
Yr-to-yr Gr.	-48%	-31%	-45%	-38%	-20%	-53%	-45%	-53%	-18%	-18%	-16%	62%	-32%	-34%	20%	26%
Primary Share Out	98.5	98.9	100.2	104.0	105.3	106.3	106.6	106.7	106.8	106.9	107.0	107.1	100.4	106.3	106.7	107.1
Fully Diluted GAAP	101.1	101.1	102.1	105.8	107.0	107.2	107.6	108.0	108.0	108.0	108.0	108.0	102.5	107.4	108.0	108.0
All in shares	107.7	107.9	108.1	108.1	108.2	109.0	109.0	109.0	109.0	109.0	109.0	109.0	108.0	108.8	109.0	109.0
EBITDA	**84.3**	**95.5**	**89.1**	**92.7**	**78.8**	**70.1**	**75.3**	**74.6**	**71.0**	**82.9**	**90.1**	**95.7**	**361.6**	**298.9**	**339.7**	**360.3**
EBITDA Margin	27%	29%	28%	28%	25%	23%	24%	24%	24%	26%	27%	28%	28%	24%	26%	26%
Yr-to-yr Gr.	-17%	-12%	-18%	-14%	-6%	-27%	-15%	-19%	-10%	18%	20%	28%	-15%	-17%	14%	6%

BALANCE SHEET

$ in thousands	Dec. 31, 2019	Sept 30, 2019	Qtr-Qtr % Change	Dec. 31, 2018	Yr-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$355,561**	**$417,636**	-14.9%	**$385,091**	-7.7%
Short term deposits	**$215,609**	**159,230**	35.4%	**$120,079**	79.6%
Marketable securities	**176,070**	**146,264**	20.4%	**135,850**	29.6%
Trade accounts receivable	126,966	123,519	2.8%	153,409	-17.2%
Inventories	192,256	187,902	2.3%	170,778	12.6%
Other current assets	22,019	21,571	2.1%	22,752	-3.2%
Total current assets	**1,088,481**	**1,056,122**	3.1%	**987,959**	10.2%
LONG-TERM INVESTMENTS	40,085	36,662	9.3%	35,945	11.5%
PROPERTY AND EQUIPMENT, NET	681,939	703,569	-3.1%	657,234	3.8%
INTANGIBLE ASSETS, NET	10,281	10,800	-4.8%	13,435	-23.5%
GOODWILL	7,000	7,000	0.0%	7,000	0.0%
DEFERRED TAX & OTHER ASSETS, NET	105,047	90,269	16.4%	88,404	18.8%
TOTAL ASSETS	1,932,833	1,904,422	1.5%	1,789,977	8.0%
CURRENT LIABILITIES					
Short term debt	**65,932**	**64,774**	1.8%	**10,814**	509.7%
Trade accounts payable	119,199	104,366	14.2%	104,329	14.3%
Deferred revenue	10,322	6,539	57.9%	20,711	-50.2%
Other current liabilities	57,603	59,065	-2.5%	67,867	-15.1%
Total current liabilities	**253,056**	**234,744**	7.8%	**203,721**	24.2%
LONG-TERM DEBT	**245,821**	**254,683**	-3.5%	**256,669**	-4.2%
LONG-TERM CUSTOMERS' ADVANCES	28,196	32,843	-14.1%	28,131	0.2%
EMPLOYEE RELATED LIABILITIES	13,285	13,818	-3.9%	13,898	-4.4%
DEFERRED TAX LIABILITY	45,752	45,598	0.3%	51,353	-10.9%
Total liabilities	586,110	581,686	0.8%	553,772	5.8%
SHAREHOLDERS' EQUITY	1,236,205	1,322,736	-6.5%	1,236,205	0.0%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,822,315	$1,904,422	-4.3%	$1,789,977	1.8%
Current Ratio	4.3	4.5	-4.4%	4.8	-11.3%
Quick Ratio	3.5	3.7	-4.2%	4.0	-11.7%
Working Capital	835,425	821,378	1.7%	784,238	6.5%
Debt Percent of Assets	16%	17%	-3.8%	15%	7.9%
Debt to Equity	0.3	0.2	4.4%	0.2	16.6%
Cash and equivalents	747,240	$723,130	3.3%	641,020	16.6%
Cash and equivalents per share	$7.03	$6.76	4.0%	$6.16	14.1%
Debt	311,753	319,457	-2.4%	267,483	16.6%

CASH FLOW

	Year 2017	3-Mo 31-Mar-18	3-Mo 30-Jun-18	3-Mo 30-Sep-18	3-Mo 31-Dec-18	Year 2018	3-Mo 31-Mar-19	3-Mo 30-Jun-19	3-Mo 30-Sep-19	3-Mo 31-Dec-19	Year 2019
CASH FLOWS - OPERATING ACTIVITIES											
Net profit (loss)	$ 301,656	$ 27,181	$ 36,009	$ 33,674	$ 36,515	$ 133,379	$ 26,400	$ 19,722	$ 22,354	$ 19,597	$ 88,073
Income and non-cash expense items:											
Depreciation and amortization	208,411	53,977	53,493	52,764	54,157	214,391	52,014	52,853	53,203	56,404	214,474
Effect of fair value measurement on debt	12,865	(1,740)	(4,797)	788	(4,042)	(9,791)	4,001	2,204	3,095	994	10,294
Other expense (income), net	2,627	(22)	(1,578)	36	4,006	2,442	(17)	(428)	(266)	(3,582)	(4,293)
Changes in assets and liabilities:											
Trade accounts receivable	(6,564)	8,089	(18,351)	(3,767)	10,933	(3,096)	18,606	12,665	(496)	(3,458)	27,317
Other receivables and other current assets	(8,321)	3,370	5,713	(919)	3,096	11,260	(3,705)	(2,050)	(1,978)	3,133	(4,600)
Inventories	(4,277)	(2,692)	(6,713)	(7,237)	(9,702)	(26,344)	(3,395)	378	(13,276)	(4,728)	(21,021)
Trade accounts payable	(8,649)	(6,313)	10,222	(2,688)	(4,783)	(3,562)	(2,651)	(12,553)	12,110	2,755	(339)
Deferred revenue and customers' advances	(21,803)	(712)	(5,466)	35	8,768	2,625	(10,685)	(2,964)	4,178	(860)	(10,331)
Other current liabilities	(8,219)	(4,219)	13,355	(2,764)	(7,239)	(867)	(4,803)	2,957	(6,494)	(1,095)	(9,435)
Employee related liabilities	(3,247)	(387)	193	(240)	(361)	(795)	68	(29)	(32)	(317)	(310)
Deferred tax liability, net	(108,844)	(1,531)	(5,151)	(211)	148	(6,745)	(965)	(599)	337	2,718	1,491
Net cash provided by operating activities	**355,635**	**75,001**	**76,929**	**69,471**	**91,496**	**312,897**	**74,868**	**72,156**	**72,735**	**71,561**	**291,320**
CASH FLOWS - INVESTING ACTIVITIES											
Investments in property and equipment, net	**(164,717)**	**(40,047)**	**(40,148)**	**(40,892)**	**(48,654)**	**(169,741)**	**(41,718)**	**(43,727)**	**(43,017)**	**(43,704)**	**(172,166)**
Interest bearing deposits, including designated deposits	(114,736)	(14,963)	(15,488)	(4,899)	(123,126)	(158,476)	(6,726)	(27,099)	(11,573)	(87,530)	(132,928)
Net cash provided by (used in) investing activities	(279,453)	(55,010)	(55,636)	(45,791)	(171,780)	(328,217)	(48,444)	(70,826)	(54,590)	(131,234)	(305,094)
CASH FLOWS - FINANCING ACTIVITIES											
Exercise of warrants and options	31,315	658	26	21	9	714	397	0	43	1,402	1,842
Debt repayment	(50,255)	(6,656)	3,809	(43,078)	(2,924)	(48,849)	(3,074)	(7,475)	(5,606)	(3,247)	(19,402)
TPSCo dividend to Panasonic	(4,378)	0	0	0	0	0	0	0	0	0	0
Net cash used in financing activities	(23,318)	(5,998)	3,835	(43,057)	(2,915)	(48,135)	(2,677)	(7,475)	(5,563)	(1,845)	(17,560)
Effect of foreign exchange rate change	3,720	4,707	(2,909)	(3,057)	3,844	2,585	(740)	3,205	(104)	(557)	1,804
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,584	18,700	22,219	(22,434)	(79,355)	(60,870)	23,007	(2,940)	12,478	(62,075)	(29,530)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	389,377	445,961	464,661	486,880	464,446	445,961	385,091	408,098	405,158	417,636	385,091
CASH AND CASH EQUIVALENTS - END OF PERIOD	445,961	464,661	486,880	464,446	385,091	385,091	408,098	405,158	417,636	355,561	355,561
Operating Cash Flow	$ 525,559	$ 79,396	$ 83,127	$ 87,262	$ 90,636	$ 340,421	$ 82,398	$ 74,351	$ 78,386	$ 73,413	$ 308,548
Free cash flow	$ 360,842	$ 39,349	$ 42,979	$ 46,370	$ 41,982	$ 170,680	$ 40,680	$ 30,624	$ 35,369	$ 29,709	$ 136,382

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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