



CRM, MRVL, LULU

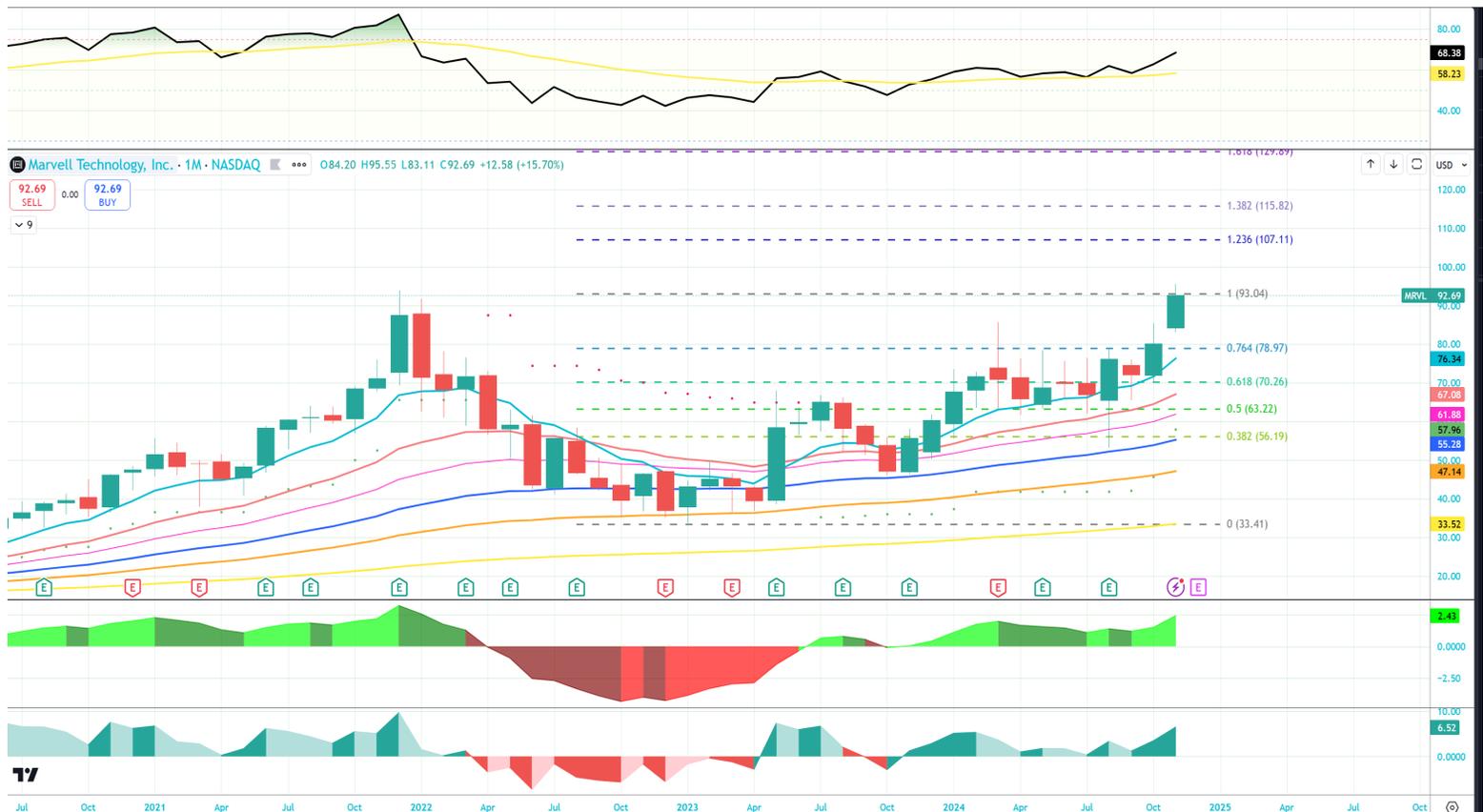
Salesforce (CRM) will report quarterly numbers 12/3 after the close with the Street looking for \$2.45 EPS and \$9.346B in Revenues (+7.2%) while Q4 and FY26 seen at \$2.65/\$10.054B and \$11.18/\$41.3B implying FY26 revenue growth of 9.1% and EPS growth of 10.6%. CRM shares have closed lower the last two reports after being higher the previous three, a six-quarter average max move of 9% and a history of these Q3 reports being the most volatile and lower three of the last four Q3 reports. CRM is a cloud leader and the company's robust and strategically built product portfolio, spanning sales, service, marketing, ecommerce, analytics, artificial intelligence, custom applications, integration and collaboration cover virtually all aspects of Digital Transformation. While a series of sizeable acquisitions has slowed down the pace of operating margin expansion revenues and margins have the potential to double in the next 5-6 years, potentially quadrupling earnings in a steady state. CRM has a \$315B market cap and trades 29.6X Earnings, 22.5X EBITDA, 8X EV/Sales and 27.5X FCF, valuation cheap on an earnings/cash flow basis compared to historical norms. Partner conversations pointed to a mix of inline to modestly lower performance, although trends were relatively consistent with the prior quarter. Although headwinds on budget scrutiny and long deal cycles remain, the headwinds were consistent. The stock is up 34% since the Dreamforce conference in late Sep on enthusiasm for the new agent platform, Agentforce. Salesforce is well positioned to monetize the AI cycle as the leader in the front office category, where the AI use case is most compelling. Analysts have an average target of \$350 and short interest at 1.4% of the float is low but has climbed from 0.5% of the float to start 2024. Cowen is encouraged by the early reception around Agentforce and the potential for a stronger new AI-driven product cycle though expectations have run a bit high and there is going to be some patience needed to see meaningful impacts. MSCO notes that while excitement is rising around the Agentforce opportunity, the timing of enterprise adoption cycles and in-line partner checks suggest modest upside in Q3. While tactically cautious for the print, a building opportunity into CY25 and shares at 26X P/E keep us constructive longer-term. BAML partner checks indicate 1) steady growth in Sales/Marketing Clouds & Service Cloud, 2) health care/life sciences, financial services & government verticals continued to outperform, 3) solid early interest in Agentforce (particularly for Service Cloud use cases such as scheduling appointments and canceling bookings/orders), which is pulling through added Data Cloud deals, 4) stable deal activity in US, somewhat offset by softness in Europe. On the chart, CRM forming a bull flag above the rising 21-MA, on weakness a re-test of \$300-\$310 a dip buy opportunity. CRM recently blasted through 2024 highs and the monthly suggests upside with Fibonacci extension targets at \$355 and \$382. CRM options are pricing in a 5% earnings move and 30-day IV Skew at +0.1 compares to the +0.9 52-week average. CRM put/call open interest ratio at the 9th percentile and average IV30 crush is -32.8%. CRM flows strongly bullish since early August and Dec. 13th (W) expiry seen buys in \$330 and \$350 strikes selling the \$370 strike. CRM also has seen large buys in Dec. \$360 and \$370 calls and even 2000 March \$400 calls. A large buyer in June 2026 \$240 calls has a \$75M position up 120% and size buys in Dec. 2026 \$240 and \$250 calls as well as 4000 May \$440 calls bought on 10-28.

Trade to Consider: Long **CRM** December \$340/\$355 Call Spreads \$4.65 Debit



Marvell Tech (MRVL) will announce earnings 12/3 after the close with the Street view at \$0.41 EPS and \$1.457B in Revenues (+14.5%) with Q4 and FY26 seen at \$0.52/\$1.646B and \$2.54/\$7.51B implying 35.7% revenue growth and 73.3% EPS growth in FY26. MRVL shares closed higher last report after being lower seven of the prior eight reports, a six-quarter average max move of 14.7%. MRVL designs, develops, and sells analog, mixed-signal, digital signal processing, and embedded and standalone integrated circuits. It offers a portfolio of Ethernet solutions, including controllers, network adapters, physical transceivers, and switches. The company also provides storage products comprising storage controllers for hard disk drives (HDD) and solid-state drives that support various host system interfaces. MRVL has a market cap of \$82.6B and trades 36.65X Earnings, 12.7X EV/Sales and 58.5X FCF, valuation at the highest level in a decade into an expected acceleration of growth in 2025. MRVL last quarter saw a recovery in revenue momentum with strength in AI and a recovery in broad businesses as legacy enterprise networking and carrier are recovering nicely from levels more than 50% below peak. MRVL sees \$2.5B in AI revenues from optical and custom next year, rising from \$1.5B this year. MRVL should have outlier growth within AI given share gains vs. other ASIC suppliers. Trainium 2 continues to ramp, with Inferentia starting to contribute. Optical is being driven by strong 800g shipments for AI servers and 1.6 Terabit PAM4 started shipping in Q3. MRVL's custom silicon pipeline/execution remains solid (AWS, Google, Microsoft) amid a fast-growing TAM. 2025 looks bright given AI optics ramp (levered to NVDA and expanding cluster sizes), AI custom chips (selective high growth projects), and cyclical recovery in the telco segment. Analysts have an average target of \$96 and short interest is low at 2.1% of the float recently falling from 5%. BAML is at Buy with a \$108 target expecting in-line Q3 and stronger Q4 on AI ramps. BAML sees \$3.50-\$4.30 EPS power for 2026. The key risk is potential for AWS projects to (partially) shift back to Alchip in CY26E, though we expect an offset from MRVL's planned ramp for Microsoft's Maia-2 custom accelerator. SIG raised its target to \$110 last week with AI upside and incrementally better commentary in Carrier/Networking. MRVL on 10/14 saw a large insider buy from its CEO as he bought 13,000 shares at \$77.63 for a total of just over \$1 million and increased his stake by +6%. On the chart, MRVL forming an explosive bull flag above the rising 21-MA with \$95.5 the breakout point and upside Fibonacci extension targets at \$107 and \$116. On weakness, MRVL has support in the \$84-\$87 zone and then monthly VPOC back at \$78.50. MRVL options are pricing in a 7.85% earnings move and 30-day IV Skew at 0 compares to the +0.6 52-week average. MRVL put/call open interest ratio at the 88th percentile and average IV30 crush is -25.5%. MRVL flows of late have seen buys in Dec. 13th (W) \$100 calls, March \$105 calls 1000X and a big buy 5500 Jan. \$100 calls. MRVL short put support is way lower in the 70-75 strike zone. MRVL has also seen 5500 Feb. \$110 calls bought and 3400 Dec. \$82.5 calls holding with sizable gains. MRVL did have a size buy of 2000 June \$95 puts on 11-20.

Trade to Consider: Sell the **MRVL** December \$105/\$100/\$85/\$80 Iron Condor for \$2.30 Credit



Lululemon (LULU) will announce results 12/5 after the close with the Street consensus for Q3 at \$2.72 EPS and \$2.356B in Revenues (+6.9%) and Q4/FY26 seen at \$5.62/\$3.5B and \$14.99/\$11.2B implying 7.5% topline growth and 6.75% EPS growth in 2026. LULU shares have closed higher six of the last seven reports, one nasty sell-off in March, and a six-quarter average max move of 10.6%. LULU is a designer, distributor, and retailer of technical athletic apparel, footwear, and accessories. LULU offers a comprehensive line of performance apparel, footwear, and accessories such as pants, shorts, tops, and jackets designed for a healthy lifestyle including athletic activities such as yoga, running, training, and most other activities. Women accounted for 63% of revenues in 2023 but LULU sees an opportunity for Men to continue growing. Americas represent 79% of revenues. LULU has a \$41B market cap and trades 21.4X Earnings, 13.4X EBITDA, 4.15X Sales and 24.2X FCF, valuation very cheap versus historical norms as growth has also slowed. The recent surge in shares is a function of high-frequency demand data improvement, as well as a more robust bull case forming following the company's Shanghai investor event (e.g., limited EPS downside risk, US topline deterioration well-appreciated with acceleration in sight, int'l/China as powerful Americas offsets otherwise, & reasonable valuation for a still best-in-class asset). In 3Q the bulls will be looking for signs of Americas topline bottoming, int'l/China outperformance, incremental color/confidence on 1H newness launch, & proof of an ongoing GM buffer/SG&A flexibility. On the other hand, bears will likely be looking for evidence NA challenges may be elongated beyond 1H25, any cracks in int'l/China strength, higher levels of promotion, & any change in commentary/approach to marketing spend that could drive operating deleverage/negative NTM EPS revisions. Analysts have an average target of \$320 and short interest at 4.8% of the float has risen from 2% earlier this year. MSCO expects a slight beat and guidance reiterated, but note debates on Americas bottoming, the China/int'l opportunity, promotional propensity, & SG&A management likely continue into 4Q. Jefferies expects momentum to fade as local competitors are offering cheaper options to increasingly price sensitive consumers. OpCo cut its target to \$380 last week expecting sluggish top-line trends. Needham started shares at Hold concerned on the US competitive landscape. Truist is encouraged by an acceleration in trends in mid-October, while a surge in momentum for Lululemon-related-TikTok-posts in September-October strengthens Truist's conviction in the brand. LULU saw a notable insider buy on 9/3 when the CEO bought 4000 shares at \$260 for just over \$1.04 million and increased his stake by +5%. On the chart, LULU shares are flagging right at the down-trending 200-MA and above \$328 can break higher towards upper value at \$352 or key AVWAP off highs at \$341.30. LULU has key retracement levels at \$338 and \$372.35. On weakness, support comes in at \$295 and then \$275. LULU options are pricing in a 6.25% earnings move and 30-day IV Skew at -0.4 is bull-inverted and compares to the +0.6 52-average. LULU put/call open interest ratio at the 33rd percentile and average IV30 crush is -38.7%. LULU has notable March \$290 puts bought in open interest 2050X and March \$260 puts sold to open 1500X.

Trade to Consider: Long **LULU** December \$310/\$280/\$250 Put Butterfly Spreads at \$5.50 Debit



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