

SPOTLIGHT OPTION TRADE



Ciena Offering Attractive Entry after Quiet Month

TRADE SNAPSHOT

TICKER	CIEN
SECURITY	Ciena Corp.
SECTOR	Tech – Communication Equipment
CURRENT PRICE	\$38.12
LONG/SHORT	Long
TARGET	\$45
STOP	\$36
TIMEFRAME	3 Months

Trading Strategy: Long the CIEN July \$40 Calls at \$2 or Better

Net Debit/Credit: Debit \$2

Profitability Zone: CIEN Shares Above \$42 on July OpEx

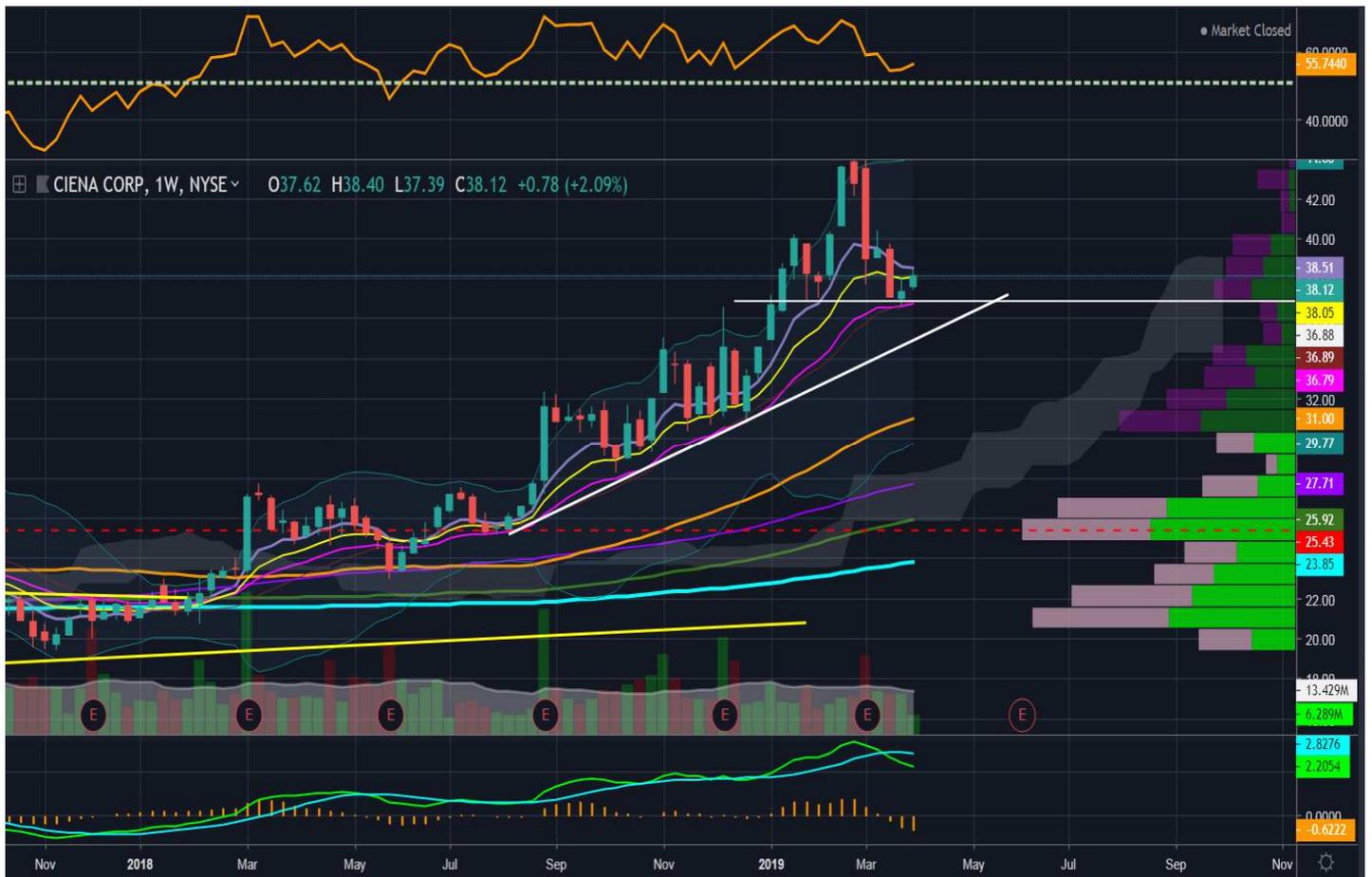
Greeks: Delta 44; Gamma 6; Vega 8; Theta -1

Options Volatility / Trade Simulator View:





Technical Analysis: CIEN shares pulled back to the rising 21 week MA and remain in a firm uptrend while weekly RSI pulled back near 50 and found support, looking for a resumption of the trend higher.



Fundamental Analysis: The \$5.9B maker of networking equipment and software trades 16.65X Earnings, 1.83X Sales and 48.3X FCF with \$750M in cash. CIEN expects 8-9% revenue growth this year a modest slowdown from the 10.4% growth last year while EPS set to jump 31.7% this year and 25% next year. CIEN is a market share gainer and has diversified so that non-telecom is now 37% of total revenues. Mega Trends causing an increased need for bandwidth is driving growth for CIEN with themes like 5G, Mobility, Cloud, Data Center and IoT. CIEN has also been strengthening its balance sheet with Debt/EBITDA down to 2.6X from 6X in 2015. Analysts have an average target of \$43.50 and short interest at 4.1% of the float has been steadily moving lower for months. Dougherty raised its target to \$50 on 3-6 citing strong market share gains and 5G & Fiber driving long term upside. B. Riley raised its target to \$48 citing a strong overall quarter and customers choosing quality providers like Ciena. Argus raised its target to \$53 impressed by the profitability forecast and trading at a good value for its growth prospects. Hedge Fund ownership fell 22.7% in Q4 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
4/3/2019	CIEN 100 18 OCT 19 41 CALL	495	19	\$2.74	11.84%	0.45	32.74%	35.72%	\$135,630	.CIEN191018C41
3/22/2019	CIEN 100 17 MAY 19 36 PUT	1,012	25	\$1.10	12.24%	-1 --		100.00%	\$111,320	.CIEN190517P36
3/7/2019	CIEN 100 17 JAN 20 40 CALL	483	404	\$5.35	-2.73%	0.58	35.89%	44.24%	\$258,405	.CIEN200117C40
3/1/2019	CIEN 100 18 APR 19 46 CALL	1,027	34	\$1.50	-6.25%	0.37	46.39%	30.96%	\$207,454	.CIEN190418C46
2/27/2019	CIEN 100 18 OCT 19 48 CALL	1,019	28	\$2.95	-4.84%	0.41	33.45%	30.96%	\$305,700	.CIEN191018C48
2/15/2019	CIEN 100 17 JAN 20 40 CALL	300	232	\$5.43	6.47%	0.59	33.19%	46.06%	\$166,500	.CIEN200117C40
1/8/2019	CIEN 100 15 JAN 21 37 CALL	936	170	\$7.35	65.54%	0.62	33.01%	43.72%	\$687,960	.CIEN210115C37
12/17/2018	CIEN 100 18 APR 19 36 CALL	1,019	200	\$2.27	-21.72%	0.46	36.65%	37.65%	\$233,351	.CIEN190418C36
11/2/2018	CIEN 100 15 JAN 21 32 CALL	450	45	\$7.01	22.13%	0	#ERROR!	0.00%	\$315,450	.CIEN210115C32
10/30/2018	CIEN 100 18 APR 19 28 CALL	1,564	132	\$4.50	45.16%	0.68	38.63%	57.69%	\$703,800	.CIEN190418C28
8/10/2018	CIEN 100 17 JAN 20 25 CALL	947	752	\$5.15	7.29%	0	#ERROR!	0.00%	\$487,705	.CIEN200117C25

Potential Catalysts: Earnings Late May

Disclaimer:**Not Investment Advice or Recommendation**

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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