



## Marvell Tech Size Call Buys as Stock Breaks Resistance

**Ticker/Price:** MRVL (\$25.88)

### Analysis:

**Marvell Tech (MRVL)** buyers of 5,000 January \$26 calls this morning up to \$2.65, steady action from the open and follows buyers yesterday in the August \$26 calls over 3,000X. The August 2<sup>nd</sup> (W) and August 9<sup>th</sup> (W) calls have also seen action recently while over \$1M in January \$30 calls from 4-25 buyers still remains in OI. The January \$25 calls also with over 5,000X in OI from buyers in April. Shares are nearing a weekly breakout above \$26 which measures to \$30. The \$17.4B semiconductor trades 20.2X earnings, 5.9X sales, and 44X FCF with a 1% yield. MRVL expects 61.5% and 29% EPS growth the next two years with revenue growth of 16.7% and 12.6%. MRVL outlined plans late last year to grow market share in the infrastructure market which has significant long-term opportunities in storage, networking, processors, security, and connectivity. They see infrastructure being 60%+ of revenues with the Cavium deal giving them more scale and expertise in enterprise and end-to-end tech solutions. Analysts have an average target for shares of \$26 with 18 buy ratings and 4 hold. William Blair starting at Outperform on 7-15 noting shares deserve a premium multiple given its robust secular growth drivers, pivot toward infrastructure markets, and room for gross and operating margin improvement. Further, 5G should be a big tailwind for FY22 when they can earn \$1.80/share. Short interest is 5.4% and down from 7% in May. Hedge Fund ownership fell 13% last quarter. Highline Capital a buyer of 2.6M shares while Contour Asset Management a concentrated holder with a 7% weight and 5M shares. In December, insiders were active buying over \$350k in stock.

### Hawk Vision:



**Hawk's Perspective:** MRVL is looking great and a name of renewed interest with its portfolio transformation, though a bit extended near-term, a move back to \$24.50 more attractive.

**Confidence Ranking:** \$\$