



## Long-term Calls Accumulate in Jabil

**Ticker/Price:** JBL (\$31.3)

### Analysis:

**Jabil (JBL)** shares consolidating in a narrow range above its 20-day MA and buyers active yesterday 750 January 2021 \$30 calls for \$4.90 to \$5, adding to OI over 1165, and name which has 6,000 of the \$27 calls still holding from a buyer in September 2018. JBL is setting up well under the recent highs at \$32 and a big multi-month breakout which stretches back to early 2017. Shares have a long-term measured target to \$37/\$38. The \$4.73B company trades 9.2X earnings, 0.19X sales, and 6.8X cash with a 1.02% yield. JBL expects 13.1% EPS growth with sales up 5.9% next year with plenty of room for margin expansion. JBL is coming off a strong quarter with double-digit revenue growth as their strategy of diversifying their end-market exposure continues to pay off. The company continues to grow in key verticals like cloud, 5G, and industrial. JBL also continues to form partnerships to grow into areas like healthcare with a collaboration with JNJ. Analysts have an average target for shares of \$29.50. Raymond James upgrading to Strong Buy with a \$34 PT in April. The firm thinks JBL is nearing a major inflection point with new contractual wins having better margin characteristics as well as cash flow. They see tailwinds from 5G implementation and an eventual rebound in semicap equipment trends. Short interest is 2.7% and down from around 5% in early 2019. Hedge Fund ownership fell 13.3% in Q1, largely due to Texas Yale Capital selling 9.55M shares. Adage Capital, LSV Asset Management, and Fairpointe all notable holders.

### Hawk Vision:



**Hawk's Perspective:** JBL has a real nice set-up and liking the activity. I set an alert yesterday with the activity at \$31.60. Valuation is very attractive if the growth profile continues to improve.

**Confidence Ranking:** \$\$