



## Bulls Position in Qualcomm Calls for 5G Cycle

Ticker/Price: QCOM (\$86)

### Analysis:

**Qualcomm (QCOM)** buyer of 2000 February \$92.5 calls \$2.55 after recent accumulation of 9000 February \$85 calls. QCOM did see 5000 of next week \$88 puts open yesterday for potential near-term weakness but positioning in January and February suggest upside views. QCOM shares recently pulled back off \$94 highs and continues to ride the 21 week EMA higher while the 8 and 13 week have been supportive on weekly closes as well. Shares can likely make a run to \$100 over the next few months with a move above \$94. The \$102B Semi trades 14.4X Earnings, 4.8X EV/Sales, and 29.7X FCF with a 2.82% dividend yield. QCOM had an eventful 2019 with the Apple settlement and Huawei talks while 5G is seen as a major growth driver. QCOM forecasts see 12% revenue growth in FY20 and 23% in FY21, while EPS seen rising 18% and 46% respectively. Analysts have an average target of \$95 on shares and short interest is near multi-year lows at 1.3% of the float. Mizuho upgraded to Buy on 11-15 with a \$100 target citing the 5G opportunity noting 1) ~100-110M 5G phones (of total ~200M) in 2020 should drive a better topline, 2) 5G should drive better QCT content/margins, 3) 5G should drive new RF front end (RFFE) and mmWave adoption, and 4) Improved 5G licensing with increased units are coming. JP Morgan called QCOM a top pick this morning and BAML on 12/11 seeing Apple contributing \$4B in revenue to QCOM by FY22 and has a Buy rating and \$100 target. Cowen noted in November that margin estimates are conservative and sees opportunities in adjacent markets like Auto, Industrial, IoT, and Compute. Hedge Fund ownership fell 6.9% in Q3 filings, a few notable concentrated holders like Polar Capital, Barrow Hanley, and Matrix Capital.

### Hawk Vision:



**Hawk's Perspective:** QCOM sets up nicely into 2020 and looking to clear \$89.60 near-term and possibly makes sense to wait for next week put's to expire.

**Confidence Ranking:** \$\$