



# OptionsHawk



## Xilinx Large Call Buy into Earnings

**Ticker/Price:** XLNX (\$89)

### Analysis:

**Xilinx (XLNX)** with a large opening buy of 1000 January \$90 calls on 4/20 at \$11.85 ahead of earnings on 4-22 and follows some action last week with a seller of September \$70 puts and the September \$120 far OTM calls opened 3500X. XLNX has a lot of open interest distributed across June with mostly bullish call buys and put sales as well. XLNX shares are forming a multi-year falling wedge pattern and some recent strength out of a \$70/\$85 base that targets a move to \$100 with the 200 MA sitting up near \$96. XLNX weekly RSI has already broken out of a downtrend and the name that touched \$140 in early 2019 has a 38.2% retracement at \$96 and a 50% retrace at \$104.70. XLNX shares have closed lower each of its last four reports and current options market pricing in a 5.3% move. The \$22.3B Semi trades 28.3X Earnings, 6.9X Sales and 35X FCF with a 1.66% yield, rich valuation though a cash-rich and strong balance sheet and its outstanding margins have always driven a premium valuation, also making it an ideal M&A target. XLNX remains positively positioned for two key secular themes with 5G expansion and data center acceleration driven by hyperscale cloud deployments. Analysts have an average target of \$96 and short interest at 2.3% of the float is minimal. On 4/15 there was a PR regarding Samsung working with Xilinx on 5G. XLNX AI-based FPGA chips are also seen important to next generation automotive uses. On 3/30 Citi lowered its target to \$84 while Goldman on 3/24 upgraded shares to Buy with a \$92 target seeing compelling risk/reward with fundamentals in its Communications business near a tough while Data-Center a strong growth business. Hedge Fund ownership fell 10.2% in Q4 filings, Ceredex Value adding to its position, now its 4<sup>th</sup> largest holding and ARK Investment has a \$100M position.

### Hawk Vision:



**Hawk's Perspective:** XLNX has room to run up to \$96 near-term, though earnings season has plenty of uncertainty, could look to a bullish June call spread.

**Confidence Ranking:** \$\$