



## Marvell Call Buyers See Upside on 5G Opportunity

Ticker/Price: MRVL (\$26.20)

### Analysis:

**Marvell Tech (MRVL)** with 5000 August \$33 calls bought on 4/20 in the \$0.73 to \$0.83 range and action picked up midday and traded 17,500X on the session. MRVL saw 20,000 May \$28 calls sold to open on 4/8 and next reports in late May after expiration, and also has some size call open interest with 23,000 of the January \$35. MRVL has shown relative strength to Semi peers and shares down just 2.3% YTD, a choppy pattern since 2019. The \$17B Semi trades 18.75X Earnings, 6.3X Sales and has a 0.92% yield with a fortified balance sheet. MRVL has been seeing improving operating margins and delivers solutions to move, store and process all the world's data, and targeting the Tech infrastructure segment which is boosted by its acquisition of Cavium a few years ago. It sees storage disruptions, enterprise upgrade cycle, 5G and Data Center as key drivers of growth with an estimated TAM of \$23.5B for FY21 comprised of Storage, Networking and Arm Server. Analysts have an average target of \$29 and short interest down 38.7% Q/Q to 3.9% of the float. MRVL announced an expanded relationship with Nokia for 5G and will start chipping its first custom product later this year. UBS was out positive on 3/27 for its 5G exposure. Jefferies noting on 3/5 that MRVL is a primary beneficiary of the 5G network buildout with recent design wins and has a \$32 target. Piper also raising its target to \$32 seeing multiple growth drivers in place for 2H20. Hedge Fund ownership was down 2.55% in Q4 filings, Whale Rock the only notable top holder and reduced its position in Q4.

### Hawk Vision:



**Hawk's Perspective:** MRVL has a clear uptrend to trade against and a long time until its next earnings report, the August \$28/\$33 call spreads at \$1.40 have a strong reward/risk.

**Confidence Ranking:** \$\$