



FEATURED OPTIONS RADAR REPORT



Analog Devices Bulls Position for New Highs

Ticker/Price: ADI (\$151.9)

Analysis:

Analog Devices (ADI) bulls active in recent days with 600 June \$165/\$190 call spreads bought on 2/1, 4000 Feb. 5th (W) \$160 calls bought in OI, some March \$145 calls bought and June \$60 deep ITM calls that opened 6000X for \$37M in November remain in OI with the position up 50%. ADI shares pulled back off January highs recently but held just above the 55-day moving average and 3-month VPOC, looking to resume higher with Semiconductors reporting strong results, its earnings scheduled for 2-17. ADI is a leading global high-performance analog semiconductor company. ADI has been active with deals acquiring Hittite Microwave Co., Linear Tech, and expects to complete a 2020 deal announced for Maxim (MXIM). Industrial accounts for 53% of its revenues, Communications at 21%, Auto at 14% and Consumer at 11%. The \$55B Semi trades 23X Earnings, 9.8X Sales and 57.5X FCF with a 1.68% dividend yield. ADI forecasts see 12% revenue and 16% EPS growth in 2021. Analysts have an average target of \$165 and short interest elevated at 7.7% of the float due to the deal-arbitrage spread. Barclays raised its target to \$170 last week expecting beat and raises. RBC upped its target to \$174 seeing the industry in the early innings of a strong cycle and likes ADI to peers. KeyBanc took its target to \$175 citing a robust demand environment and sees further margin expansion from price increases and inventories are lean. Hedge Fund ownership jumped 11% in the latest quarterly filings, Generation, Soroban, and Viking Global notable top holders.

Hawk Vision:



Hawk's Perspective: ADI is a high-quality Semi that pulled back and provided a nice reward/risk versus the 55-MA, a name that should thrive based on its end-market exposure and expect strong numbers.

Confidence Ranking: \$\$