



## FEATURED OPTIONS RADAR REPORT



### Calls Accumulate in Undervalued Large Cap Tech for Key Analyst Meeting Catalyst

Ticker/Price: DELL (\$96.95)

#### Analysis:

**Dell Technologies (DELL)** with a lot of bullish positioning last week with December \$105 calls seeing 3850X bought and added to open interest and October \$100 calls with 4000X bought and added to open interest on Friday. DELL has also seen buyers in September \$105 calls while selling the \$97.50 and \$95 puts and has a lot of large bullish positioning in September, October and December expirations. DELL pulled back last week following earnings to near the rising 144-day moving average, a level that held as support into July weakness and near the low-end of a multi-month range for shares consolidating below the \$104 level. DELL needs to clear \$101.50 to get momentum to push to new highs out of this long consolidation. DELL has positioned itself as a leader in the digital transformation trend with a portfolio of traditional infrastructure and multi-cloud technologies. DELL has been actively reshuffling its businesses with news in April it will spin out its 81% interest in **VMware (VMW)** which will close in Q4 and in May announced the sale of its Boomi cloud integration platform for \$4B in cash. DELL noted on its earnings call last week it was the best Q2 in its history as it sees unprecedented demand for technology. DELL cited strength in software, peripherals, storage, and other areas. IDC data shows DELL has gained more than 700 basis points of share for mainstream servers and approximately 200 basis points of share for external storage over the last 5 years. DELL markets total \$1.3 trillion today with core markets growing in the low single digits and adjacent markets growing faster through 2024 as widespread digital transformation drives sustained technology investment. DELL currently has a market cap of \$72B and trades 11X Earnings, 0.75X Sales and 5.9X FCF with revenues seen rising 10.7% this year and EPS gaining 12.5%. Analysts have an average target of \$118 and short interest is low at 2.9% of the float. Goldman sees plenty of room for DELL value unlock after the VMW spin considering it trades 5X FCF versus comps ranging 9X to 15X. DELL is also likely to be active with capital returns and M&A in 2022. RJF lowered its target to \$115 last week noting PC strength continues to surprise to the upside. Citi raised its target to \$130 as a top stock pick. MSCO raised its target to \$133 noting strong scale and supply chain execution in a robust demand backdrop. DELL will have a key catalyst coming up with its Analyst Day on 9/23.

#### Hawk Vision:



**Hawk's Perspective:** DELL looks great into this dip and to play the late September catalyst, the October \$100 calls below \$2.50 look like a solid play.

**Confidence Ranking:** \$\$\$