

SPOTLIGHT OPTION TRADE



Medtronic Calls Attractive into Catalysts

TRADE SNAPSHOT

TICKER	MDT
SECURITY	Medtronic
SECTOR	Healthcare – Med-Tech
CURRENT PRICE	\$92
LONG/SHORT	Long
TARGET	\$97
STOP	\$88
TIMEFRAME	2 Months

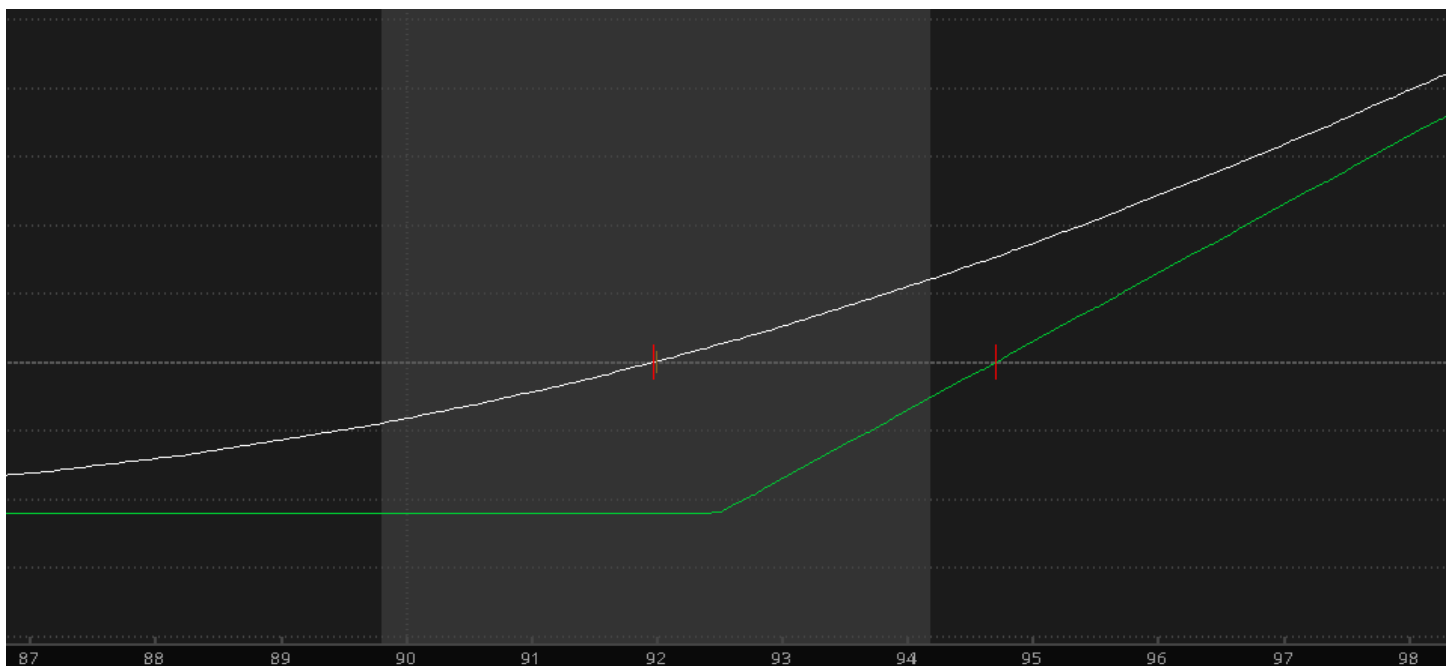
Trading Strategy: Long the **MDT** May \$92.5 Calls \$2.20 or Better

Net Debit/Credit: Debit \$2.20

Profitability Zone: MDT Shares Above \$94.70 on May OpEx

Greeks: Delta 47; Gamma 6; Vega 16; Theta -2

Options Volatility / Trade Simulator View:





Technical Analysis: MDT shares are forming a nice consolidation pattern and retested a key former peak as support, weekly RSI already having broken out, and looking now for continuation back towards highs.



Fundamental Analysis: The \$124B medical device Co. trades 16.93X Earnings, 4.06X Sales and yields a 2.17% dividend. MDT expects consistent 4-5% top-line growth and 5-10% EPS growth the next few years. Gross Margins have been steadily expanding to above 70%. MDT has a lot of capital to allocate and recently announced a \$6B buyback though could also still look to further M&A. It is coming off a strong beat and raise quarter seeing strength across its key segments: Cardiac/Vascular, Restorative Therapies, Minimally Invasive, and Diabetes. It has a strong product pipeline with many new launches expected to drive growth in 2H19 and in 2020. Analysts have an average target of \$103 on shares and short interest is minimal at 0.7% of the float. CSFB has an Outperform and \$110 target noting management is emphasizing a new phase of growth. UBS also reiterated a \$110 target after earnings while Needham on 2/19 with a \$121 target seeing shares too discounted on valuation to peers. Hedge Fund ownership fell 9.1% in Q4 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
3/5/2019	MDT 100 18 APR 19 92.5 CALL	3,121	917	\$2.35	30.56%	0.55	16.02%	52.79%	\$733,435	.MDT190418C92.5
2/28/2019	MDT 100 21 JUN 19 87.5 PUT	1,500	2,035	\$2.13	0.95%	-0.35	17.86%	38.58%	\$319,500	.MDT190621P87.5
2/14/2019	MDT 100 17 MAY 19 92.5 CALL	1,014	809	\$2.46	10.81%	0.45	16.89%	42.11%	\$249,444	.MDT190517C92.5
2/14/2019	MDT 100 16 AUG 19 97.5 CALL	766	337	\$2.07	23.21%	0.31	16.62%	27.37%	\$158,562	.MDT190816C97.5
2/11/2019	MDT 100 15 MAR 19 90 PUT	1,237	692	\$2.23	-14.56%	-0.53	17.48%	54.75%	\$275,851	.MDT190315P90
2/4/2019	MDT 100 15 MAR 19 87.5 PUT	1,076	901	\$2.27	16.41%	-0.5	18.69%	52.22%	\$244,252	.MDT190315P87.5
1/30/2019	MDT 100 15 MAR 19 90 CALL	4,015	937	\$1.42	14.52%	0.36	20.24%	33.26%	\$570,130	.MDT190315C90
1/30/2019	MDT 100 15 MAR 19 80 PUT	3,112	851	\$0.51	-34.62%	-0.14	24.54%	15.95%	\$158,712	.MDT190315P80
1/23/2019	MDT 100 15 MAR 19 92.5 PUT	961	0	\$6.76	N/A	-0.85	17.58%	86.39%	\$649,636	.MDT190315P92.5
1/16/2019	MDT 100 17 MAY 19 87.5 PUT	2,081	37	\$4.10	-15.98%	-0.5	19.93%	54.41%	\$853,210	.MDT190517P87.5
2/28/2018	MDT 100 21 JUN 19 97.5 CALL	2,706	619	\$2.82	6.82%	0.313	22.80%	26.22%	\$763,092	.MDT190621C97.5
12/6/2018	MDT 100 17 MAY 19 95 CALL	537	88	\$5.48	-25.95%	0.53	21.26%	47.86%	\$294,276	.MDT190517C95
10/23/2018	MDT 100 17 JAN 20 72.5 PUT	1,600	1,037	\$2.45	4.26%	-15.00%	25.73%	22.96%	\$392,000	.MDT200117P72.5
10/23/2018	MDT 100 17 JAN 20 82.5 PUT	800	306	\$4.51	17.14%	-0.26	22.20%	35.55%	\$360,800	.MDT200117P82.5
9/18/2018	MDT 100 21 JUN 19 82.5 CALL	427	37	\$16.52	-0.90%	0.8	24.17%	74.41%	\$705,404	.MDT190621C82.5

Potential Catalysts: Analyst Meeting at ACC on 3-17

Disclaimer:**Not Investment Advice or Recommendation**

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