



FEATURED OPTIONS RADAR REPORT



Large Bulls Position for Lagging Semi to Lead in 2H23

Ticker/Price: NXPI (\$181.25)

Analysis:

NXP Semi (NXPI) on 6/6 with a large opening buy of 1000 January \$185 calls up to \$18.20 and 2,700 January \$180 calls continue to hold in open interest along with 2700 short \$185 puts. NXPI shares have consolidated lower through 2023 but recently rose off key support and longer-term this \$150/\$195 value zone leaves room to \$240 on a breakout. NXPI shares are essentially flat since 2022 so could easily play catch-up with Semiconductors. NXP Semiconductors N.V. is a global semiconductor company and a long-standing supplier in the industry in the domains of cryptography-security, high-speed interface, radio frequency (RF), mixed-signal analog-digital (mixed A/D), power management, digital signal processing and embedded system design. Its product solutions are used in a wide range of end market applications including: automotive, industrial & Internet of Things (IoT), mobile, and communication infrastructure. Growth in automotive semiconductor sales relies on global vehicle sales and production trends and the increase in semiconductor content per vehicle, which is being driven by the proliferation of electronic features throughout the vehicle. NXPI has a market cap of \$45.7B and trades 12.3X Earnings, 3.47X Sales and 28.9X FCF with revenues seen rising in 2024 along with 7.8% EPS growth following a transitional 2023 year. NXPI has been posting impressive Automotive numbers while Smartphones seeing weakness and Industrial/IoT facing tough comps. NXP has attractive exposure to secular growth themes like EVs, increasing penetration of ADAS, connectivity and mobile payments. Furthermore, the company has executed well this cycle and in particular its lean channel inventory positions them well for a snapback as demand improves. NXPI noted last call that mobile and consumer IoT appearing to have bottomed out, with sequential growth in 2023 pointing positively. NXPI also has exposure to rapidly growing Chinese OEMs (BYD, NIO). Analysts have an average target of \$195 with short interest low at 2% of the float. Truist raised its target to \$217 calling it a solid content growth story. Needham raised its target to \$250 on better-than-expected results. OTR Global noted in February that NXPI won the NFC chip for the Apple AR/VR headset.

Hawk Vision:



Hawk's Perspective: NXPI is one of the most attractive values in Semis and like it a lot here with upside well over \$200 into year-end.

Confidence Ranking: \$\$\$