



FEATURED OPTIONS RADAR REPORT



Large Bull Sticks with 5G Chip Leader

Ticker/Price: QCOM (\$166.8)

Qualcomm (QCOM) has 25,000 June \$165 calls in open interest from large buyers on 2/7 and 2/8 adjusting positions. QCOM is a name that sees a lot of options trades and has also seen some April \$165 and \$160 puts bought as well as 2000 June \$180 puts on 2/9 but the June \$165 calls is a \$55M position. QCOM has outperformed Tech down just 5.6% YTD and coming off two real strong quarters. Shares are at the low-end of this \$160/\$190 range that targets a breakout move to \$220. QCOM has moved back below its key moving averages and preferably see a bullish 8/21 daily moving average crossover. QCOM is a global chip leader in the wireless industry that has expanded from mobile to IoT, Automotive and Industrial while being a prime beneficiary of the upcoming 5G ramp cycle. QCOM continues to see momentum from their key customers with Oppo, Vivo, Xiaomi, and others all gaining market share, especially around the premium tier, which is creating positive momentum for QCOM. QCOM has a market cap of \$205.65B and trades relatively cheap at 13.7X Earnings, 11X EBITDA and 5.7X Sales with a 1.58% dividend yield. Consensus forecasts see revenues rising 26% this year and EBITDA up 30.8%. QCOM provided strong guidance for next quarter with it winning higher content with new Snapdragon chipsets and increasing share of the China brands where the company had been constrained. QCOM is also showing strong operating leverage with upside to pricing. Increased supply capability is expected to be a positive tailwind for QCOM through 2022. The company sees ample opportunity for both Qualcomm and competitors to grow as chip vendors aim to capture the Huawei replacement opportunity in China. Management sounded optimistic on the company's longer term opportunity in Automotive. QCOM held an Investor Day in November outlining its growth prospects and de-risked the Apple situation with those numbers mostly removed from forecasts. Analysts have an average target of \$215 and short interest is low at 1.3% of the float. Baird raised its target to \$250 earlier this month citing strength in premium and market share gains with multiple growth avenues outside of handsets.

Hawk Vision:



Hawk's Perspective: QCOM is one of the safer Tech owns at this valuation but still want to see some price-action improve in this weak market environment.

Confidence Ranking: \$\$