



## FEATURED OPTIONS RADAR



### Bulls Position in Hardware Name with Cycle Bottoming

Ticker/Price: STX (\$84)

#### Analysis:

**Seagate Tech (STX)** has seen multiple large bullish trades in recent weeks including 1000 January \$65 calls bought 10/20 that are +230%, 2500 January \$77.5 calls bought on 9/20 that are +435%, an opening sale of 800 June \$75 puts on 12/7 and an 11/27 opening sale of 2000 February \$77.50 puts. STX shares have been on a strong multi-week run reaching a 50% retracement of the 2021/2023 range while the 61.8% Fibonacci sits at \$91.30 and aligns with a key upper value level. STX is now well above AVWAP from the 2021 highs and has strong momentum. STX is a leading provider of data storage technology and infrastructure solutions with hard disks the main product and also SSDs and storage subsystems and offers storage solutions such as a scalable edge-to-cloud mass data platform that includes data transfer shuttles and a storage-as-a-service cloud. The rapid growth of data generation and the intelligent application of data are driving demand for data storage. STX has a market cap of \$17.5B and trades 14X estimated FY25 EBITDA and 2.7X EV/Sales with a forecasted 12% FCF yield. STX revenues are seen rising 28.8% in 2025 with 1300% EPS growth, a name in the midst of re-rating higher into this growth cycle off easy comps. CIO budget stabilization indicates we're at the bottom of the hardware cycle. In the past 4 cycles, STX has been the most consistent early cycle outperformer. STX is seeing early success with price increases and along with the new build-to-order strategy it can help drive better profitability. Analysts have an average target of \$70 with short interest at 6.6% of the float. BAML raised its target to \$87 recently positive on 2024 prospects. Cowen raised its target to \$85 citing strength in HAMR and gross margin accretion.

#### Hawk Vision:



**Hawk's Perspective:** STX has the potential to be a strong performer in 2024 with the cycle turning and set to deliver robust growth Y/Y. STX could easily return to \$110 highs.

**Confidence Ranking:** \$\$