



## FEATURED OPTIONS RADAR REPORT



### Skyworks Large Call Buy into Tech Dip

Ticker/Price: SWKS (\$171)

#### Analysis:

**Skyworks Solutions (SWKS)** on 6/16 with a large buy into late day afternoon lows as 1650 August \$175 calls bought \$7.25 to \$7.85 to open, the most notable trade in a name lacking much open interest though does have 2,380 January \$190 calls. SWKS shares bottomed right at its rising 200-day moving average in mid-May and has rebounded while triggering a base breakout earlier this week and has some room to work higher to the upper part of its long range near \$190. SWKS will next report in late July. SWKS produces highly innovative analog semiconductors for the networking revolution within aerospace, automotive, broadband, cellular infrastructure, connected home, entertainment and gaming, industrial, medical, military, smartphone, tablet, and wearable markets. The key catalysts for Skyworks will continue to be the insatiable demand for data and the profitable usage model, as each connection becomes more valuable and the world embraces 5G. SWKS announced a \$2.75B cash deal for Silicon Labs' Infrastructure & Automotive business in April. Skyworks has successfully defended most, if not all, the important sockets in the key 2021 flagship phones according to research checks. SWKS should benefit from increased content in the 5G phone push. The \$28B Semi currently trades 15.8X Earnings, 5.4X EV/Sales and 34X FCF with a 1.17% yield, attractive valuation with revenues seen rising 49% in 2021 and EPS rising 68%. SWKS is coming off a record quarter for operating cash flow and noted that the technology bar has never been higher as billions of daily interactions move online, spawning a growing set of use cases from remote work, virtual education, touchless commerce, cognitive audio, machine-to-machine communication and autonomous transport. These advances rely on radical upgrades in speed, latency and reliability with comparable requirements for power efficiency and smaller form factors. Analysts have an average target of \$210 with short interest low at 2.3% of the float. Benchmark at Buy with a \$220 target as the best positioned to capitalize on growing wireless data demand. Raymond James raised its target to \$220 after the quarter noting consensus numbers are too low for 2H. Hedge Fund ownership fell 11% in Q1 filings, Vulcan Value a large \$715M stake.

#### Hawk Vision:



**Hawk's Perspective:** SWKS is one of the most attractively priced Tech growth stocks and looks good versus the \$166 level here, a name that could see new highs later this year.

**Confidence Ranking:** \$\$