

## SPOTLIGHT OPTION TRADE



### Skyworks Strong Monthly Base into Next iPhone Cycle

#### TRADE SNAPSHOT

TICKER	SWKS
SECURITY	Skyworks Solutions, Inc.
SECTOR	Tech – Semiconductor
CURRENT PRICE	\$79.87
LONG/SHORT	Long
TARGET	\$95
STOP	\$73
TIMEFRAME	1 Months

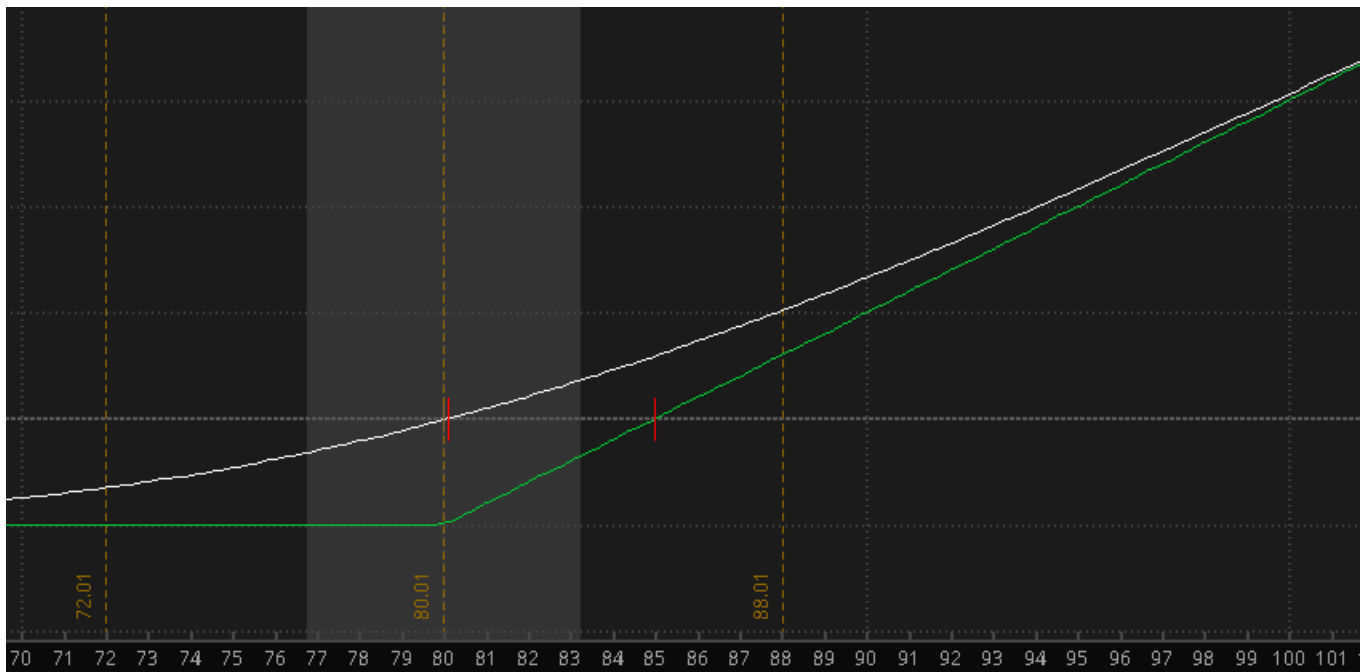
**Trading Strategy:** Long the SWKS November \$80 Calls at \$5 or Better

**Net Debit/Credit:** Debit of \$5

**Profitability Zone:** SWKS Shares Above \$85 on November OpEx

**Greeks:** Delta 53; Vega 14; Gamma 3; Theta -4

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** SWKS shares are building a strong monthly base, the weekly shown below has a triangle pattern and will look to clear the falling trend-line on this next push higher with RSI showing higher lows.



**Fundamental Analysis:** The \$13.8B Semi trades cheap at 12.57X Earnings, 3.87X Sales and 29.65X FCF with a 2.2% dividend yield and strong cash holding. SWKS has seen 2019 as a transition year after a strong growth period and has been weighed down a bit by China tariffs, while 2H 2020 seen returning to strong growth. SWKS is a play on “Connected Tech” and seeing strong design wins in Automotive, IoT, Connected Home and Smart Audio. It sees 5G low latency, high bandwidth solutions ushering in the next generation of autonomous vehicles. The 5G cycle will also see its content per device rise sharply in Mobile. Its long term operating model includes 40% operating margins, 30% FCF margins, and returning 60-75% of FCF to shareholders. Analysts have an average target of \$86 on shares and short interest at 4.2% of the float has risen 29% Q/Q to a one year high. KeyBanc recently with a note that the 5G upgrade cycle can support 10-15% content growth for SWKS but is on the sidelines until there is more Huawei-related certainty and a resumption of growth and margin expansion. Longbow reiterated a bullish view on 8-13 despite a weakening China market and is positive on rising content, expanded product portfolio, growth in the high-margin broad business and robust FCF. FBR with a \$95 target noted after last quarter that despite volatile customer dynamics SWKS is operating well, with resilient gross margins and strong opex control. Hedge Fund ownership fell 5.3% in Q2 filings, the top holding of Vulcan Value Partners and added more last quarter.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
9/6/2019	SWKS 100 18 OCT 19 80 CALL	857	360	\$3.21	0.513	29.95%	47.28%	\$275,097	.SWKS191018C80
9/6/2019	SWKS 100 18 OCT 19 82.5 CALL	1,043	184	\$1.99	0.388	28.60%	35.18%	\$207,557	.SWKS191018C82.5
8/21/2019	SWKS 100 (Weeklys) 6 SEP 19 78 CALL	1,047	6	\$1.45	0.47	24.76%	44.82%	\$157,050	.SWKS190906C78
8/13/2019	SWKS 100 15 NOV 19 80 CALL	1,260	2,311	\$5.80	0.52	37.53%	44.60%	\$756,000	.SWKS191115C80
8/8/2019	SWKS 100 15 NOV 19 80 CALL	2,070	318	\$5.20	0.49	37.27%	41.76%	\$1,117,800	.SWKS191115C80
8/7/2019	SWKS 100 17 JAN 20 80 PUT	1,000	1,932	\$8.41	-0.47	37.55%	57.21%	\$860,000	.SWKS200117P80
8/7/2019	SWKS 100 20 SEP 19 85 CALL	954	174	\$2.31	0.34	39.24%	28.91%	\$228,960	.SWKS190920C85
8/6/2019	SWKS 100 17 JAN 20 90 CALL	800	1,290	\$3.00	0.3	34.75%	22.52%	\$272,000	.SWKS200117C90
7/23/2019	SWKS 100 20 SEP 19 90 CALL	760	31	\$2.15	0.32	30.23%	28.18%	\$159,600	.SWKS190920C90
6/20/2019	SWKS 100 17 JAN 20 80 PUT	750	568	\$10.40	-0.53	35.34%	63.50%	\$780,000	.SWKS200117P80
6/6/2019	SWKS 100 15 NOV 19 55 PUT	1,000	248	\$2.35	-0.18	45.10%	27.28%	\$245,000	.SWKS191115P55
5/24/2019	SWKS 100 15 JAN 21 72.5 CALL	304	59	\$12.55	0.56	38.69%	37.84%	\$401,280	.SWKS210115C72.5
5/17/2019	SWKS 100 15 NOV 19 50 PUT	1,077	17	\$1.15	-0.1	47.07%	16.78%	\$150,780	.SWKS191115P50

**Potential Catalysts:** Earnings Early November

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

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