



FEATURED OPTIONS RADAR REPORT



Bulls Bet Big on Strong Yearly Close for Oil Major

Ticker/Price: XOM (\$89)

Analysis:

Exxon (XOM) on 6/27 with a size buyer of 10,000 November \$100 calls to open at \$4.15 to \$4.20 which follows some recent mixed flows. XOM does have 34,000 short August \$100 calls in open interest which makes calendar spreads an interesting play. XOM pulled back with commodities the last two weeks but thus far holding its 21-week EMA and lower monthly value support at \$83.75. XOM is a leading global energy exploration company. XOM held an analyst day in March where they outlined ambitious plans to streamline their organization into upstream, product solutions and low-carbon solutions and targeting \$9B of annual cost reductions by 2023 as a result. XOM sees becoming a dominant player in the growing biofuels market while delivery carbon capture and hydrogen offerings. XOM has a \$359B market cap and trades 9.65X Earnings, 4.8X EBITDA and with a 12% FCF yield and 4% dividend yield. Forecasts see EBITDA rising 62% this year before declining 15% in FY23. XOM's countercyclical growth strategy that began pre-covid is paying off as tight supply-demand drives margins higher, underpinning significant FCF and return of cash. XOM will generate over \$50 B in FCF this year after capex, providing ample cover for both its \$15B dividend and ~\$15B of planned buybacks. XOM has been investing in its refinery portfolio to boost competitiveness and upgrade its mix to higher value products. Guyana is one of the most prolific oil discoveries in recent history. With this in mind, XOM remains focused on developing this vast resource in the most efficient, holistic manner. Analysts have an average target of \$101 and short interest is 0.8% of the float. CSFB raised shares to Outperform with a \$125 target positive on XOM's investments in attractive oil & gas projects. Evercore upgraded on 6/7 seeing a path for earnings to double by 2027 and industry-leading ROCE target of 15% by 2025 and has a \$120 target.

Hawk Vision:



Hawk's Perspective: XOM momentum currently broken though August/November \$100 calendar spreads an intriguing approach, like to see shares close above 92.50.

Confidence Ranking: \$\$