



Unusual Repeat Size Call Buyers in Coherent

Ticker/Price: COHR (\$156)

Analysis:

Coherent (COHR) with buyers of 1,000 May \$155 calls today from \$11.80 to \$12, second sizable buy in the name this week after 1,000 of the \$150 calls were bought for \$1.2M on Monday. The April \$155 calls have seen buyers twice this week and now 1,850 in open interest. The December \$170 calls were bought on 2/19 as well. COHR has some OTM puts in OI as well from January. Shares are moving back above the 200-EMA this week and above a big inverted head and shoulders over \$140 which targets \$190. Shares have a big volume gap back to \$170 and out of a downtrend this week. The \$3.64B company trades 14.3X earnings, 2X sales, and 11.39X cash. COHR sees 39.4% and 20.8% EPS growth through 2021 with 11.3% and 8% revenue growth. 2019 is expected to be a weak year due to headwinds out of China and a slowdown from tariffs. The company has noted stronger trends in semi, API, and instrumentation with bookings posting double-digit gains in Q1. They note that while semi-cap spending is slowing, fab utilization remains high which is translating into better renewals. COHR sees a strong long-term driver from OLED capacity expansion and surface area growth. They think customer adoption of OLED devices will be a long-term tailwind and several new products highlighted at CES this year from TVs to tablets give them optimism on 2020/2021 growth. Analysts have an average target for shares of \$175 with 4 buy ratings and 5 hold ratings. Short interest is 9.4% and up near 2018 highs around 10.5%. Northcoast noting that January laser surveys continue to show mixed results with the International market remains choppy while domestic respondents were less optimistic. The firm thinks Q1 and 2019 should see improvement but geopolitical issues remain the biggest risk. Institutional ownership jumped 100% last quarter with buys from Vulcan Value, Victory Capital, Oakview, and Gotham Asset Management.

Hawk Vision:



Trading Strategy: COHR is a quality growth name where expectations reset and it became very cheap on valuation, a chart highlight from last week that has now run more than 10% already.

Confidence Ranking: \$\$