



## Lattice Semi Unusual Calls Bought with Strong Trend

**Ticker/Price:** LSCC (\$19.5)

### Analysis:

**Lattice Semi (LSCC)** trading 8.5X average calls today with IV<sub>30</sub> up 9% as more than 10,000 November \$22.50 calls are bought up to \$0.90 while 2,200 March \$22.50 calls also opening around \$2.15. The only other notable open interest for the name was a large December spread opened in mid-June before earnings selling the \$20 calls and buying the \$15 puts and most likely collaring stock with shares up 175% YTD. Shares are consolidating in a multi-week range under \$21 with and back at the rising 50-MA today with a move higher measuring to \$24. The \$2.59B company trades 28X earnings, 6.5X sales, and 21X cash with high-teens EPS growth and revenue accelerating up 7% in FY20 and 9.3% in FY21 from around 2% this year. LSCC has been one of the few semis discussing strength in automotive last quarter as they continue to win content in the 'car 2.0' world while on the industrial-side the secular push towards factory automation is has been a tailwind. LSCC has cited strength from new data center server installs this year as well where they are getting a higher attach rate and ASP vs the prior models. Analysts have an average target for shares of \$19.50 with Cowen at a Street high \$21 and positive on the edge FPGA silicon solutions which are ideal for AI and IoT. Susquehanna positive on 7-31 citing strong margin expansion and cash flow generation which is ahead of schedule they laid out at their early-year analyst day. Short interest is 5.1% and up from around 2.2% in May. Hedge fund ownership fell 14.5% in Q2. Lion Point Capital a top holder with 6.5M shares and a 10% weight. In 2017, LSCC had agreed to a \$1.3B buyout from Canyon Bridge Capital but the deal was blocked by the President in September.

### Hawk Vision:



**Hawk's Perspective:** LSCC putting in a nice hammer on the 50 MA as a level to trade against for a nice reward/risk despite some concern that shares are rich on valuation for the limited growth outlook.

**Confidence Ranking:** \$\$