



Rambus Unusual Call ITM Buy

Ticker/Price: RMBS (\$15.55)

Analysis:

Rambus (RMBS) with early buyers of 1,500 July \$12 ITM calls up to \$3.60 and volumes now running over 3,000X and over 12X average. RMBS has little other notable open interest but did see 1750 August \$15 calls bought that remain in OI. Shares are sitting just below a flag breakout at \$15.80 from the earnings gap higher in early May with a measured target to \$17.50 and out of a big seven-year range. The \$1.66B company trades 13.7X earnings, 6.9X sales, and 12.8X FCF with virtually no debt. RMBS has a Current Ratio of 8.5X. RMBS expects high-single digit growth and likely sees revisions throughout the year given the surge in demand for data center and cloud growth due to remote work. They continue to win new security design contracts from tier-1 chipmakers and recently launched an 800G security solution for 5G networking an area that will continue to see spending in the near-term even if 5G devices get pushed out. RMBS has long-term tailwinds from their deep IP portfolio which continues to grow in areas like memory architectures, high-speed serial links, and embedded security which are critical to the development of major thematic trends like AI, edge computing, IoT, and ADAS. Analysts have an average target for shares of \$17. Deutsche Bank raising their PT to \$17 on 5-5 as it continues to benefit from growth and share gains in its buffer-chip business. They also note that RMBS has seen customer demand remaining robust and they have a high mix of fixed licensing contracts which gives them strong visibility. Short interest is 2.9% and sitting at 10-year lows. Hedge fund ownership rose 7.7% in Q1.

Hawk Vision:



Hawk's Perspective: RMBS is a good looking value and positioned well for strength, interesting activity today should put it on your radar.

Confidence Ranking: \$\$