



FEATURED OPTIONS RADAR REPORT



Unusual Call Buyers into Cohu Momentum

Ticker/Price: COHU (\$37)

Analysis:

Cohu (COHU) traded 90X daily calls on 12/11 with 1300 May \$40 calls active with buyer sup to \$5.90 and followed 500 bought on 12/7, unusual call accumulation. On 12/1 COHU came out guiding Q4 and Q1 revenues well above estimates and shares have jumped considerably the last two weeks. COHU will speak at the DA Davidson Conference on 12-15. Shares have broken to record highs with the next Fibonacci extension level up at \$48. Considering the strength it is worth looking into what is driving the strong numbers. The \$1.4B company is a leading supplier of semiconductor test and inspection handlers, micro-electro mechanical system (MEMS) test modules, test contactors, thermal sub-systems, semiconductor automated test equipment and bare board PCB test systems used by global semiconductor and electronics manufacturers and semiconductor test subcontractors. COHU receives 40% of revenues on a recurring basis and is seeing strong demand driven by 5G. The semiconductor test and inspection market is estimated at \$6.5B and the recent guidance raise driven by strength in automotive and mobility. The Cohu growth strategy consists of extending leadership in the high-growth RF test segment, serving a \$400 million addressable market, solidifying its strong handler position with cutting-edge thermal and vision technologies, improving customers' yield in a \$700 million market with secular growth applications in automotive and mobility; increase in the contactor attachment rate to the semiconductor equipment in a \$500 million market by leveraging its significant installed base; and enhancing test cell differentiation and building a competitive moat. COHU sees the industry at the beginning of a multiyear growth period as 5G penetration grows and new applications grow. COHU trades 15.25X Earnings and 2.45X Sales with revenues set to grow 8.2% in 2020 after 25%, 28% and 29% the previous three years and 2021 seen at 28.6% growth, an impressive streak of growth. Analysts have an average target of \$43 and short interest is low at 2.3% of the float. Needham raised its target to \$50 on 12-3 noting the new model calls for \$940M revenues and \$3.60 in earnings by 2023 and sees multi-year secular growth trends from 5G and Auto.

Hawk Vision:



Hawk's Perspective: COHU still looks overly cheap at these levels and fits the bill as a high quality small cap own.

Confidence Ranking: \$\$