



Unusual Call Buyer in Carlisle Co.

Ticker/Price: CSL (\$140.10)

Analysis:

Carlisle (CSL) unusual opening buy 500 August \$140 calls \$5.25 yesterday and becomes the only open interest of note in the name. CSL shares are nearing a breakout of a long weekly bull flag that has consolidated since jumping last quarter on earnings. A move above \$142 targets a measured move to \$160. The \$7.9B Company trades 16.1X Earnings, 10.3X EV/EBITDA, 1.73X Sales and 35.9X FCF with a 1.14% dividend yield and will next report earnings 7-23. In its April report it beat EPS sharply and revenue rose 8.9% Y/Y beating estimates, citing healthy demand, price discipline, contributions from acquisitions, and efficiency gains. Carlisle has exposure to Aerospace, Medical, Transport and Food-Service markets as well as Building/Construction, a \$670M deal of Accella a couple years ago positioned it in a \$15B global construction related polyurethane market. CSL is forecasted to hit 8.6% revenue growth and 33% EPS growth this year. The company is executing on its Vision 2025 Plan of above-average organic growth, cost efficiencies, building scale through acquisitions, and deploying over \$3B in capital expenditures, dividends and buybacks. It sees \$8B in revenues for 2025, up from \$4.5B in 2018. Construction Materials is 64% of revenues and carries its highest operating margins at 15% with primary products such as Roofing Systems, Roofing Underlayment, Spray Foam Insulation and Metal Roofs. Analysts have an average target of \$146 and short interest is low at 2% of the float. OpCo raised its target to \$155 on 6/18 as it came away from an Expo incrementally positive on commercial roofing demand. RW Baird was out positive in April positive on roofing despite weather disruptions and sees strong fundamentals. Hedge Fund ownership fell 9.3% in Q1 filings, Atlanta Capital a concentrated top holder with a \$400M position as its 10th largest holding.

Hawk Vision:



Trading Strategy: CSL looks excellent on all regards and the kind of stock that can double over the next 5 years, like it as a longer-term investment with options not very liquid.

Confidence Ranking: \$\$