



Cooper Unusual Calls Bought into Strength

Ticker/Price: COO (\$334)

Analysis:

Cooper (COO) unusual activity today with 665 August \$340 calls bought \$4.40 to \$4.80 to open, a name lacking other notable open interest outside of 200 December \$340 ITM puts that opened back on 6/5. COO shares recently with a big weekly breakout over \$298 though shares accomplished the measured move and trying to move out of a consolidation pattern this week. The \$16.4B leader in the contact lens market trades 25X Earnings, 6.3X Sales and 29.37X FCF. COO will next report August 29th and presents at the Wells Fargo Conference in September, so the August positioning is quite unusual. COO is coming off back to back quarters of raising its FY19 view. COO has posted a 10% sales CAGR since 2015 and Cooper Vision accounts for most of revenues while Cooper Surgical is also growing nicely. It is targeting strategic geographic expansion and acquisitions with 2023 operating margins targeted at low 30%. COO now has 24% of the contact lens market with J&J at 40% and Alcon at 24%. Alcon will report on 8-20. Cooper's surgical division has an interesting IUD unit which has low US penetration compared to Asia and Europe as a form of birth control. It also has exposure to the Fertility market via IVF with US birth rates very low. Analysts have an average target of \$335 with share interest low and falling to 1.5% of the float. Wells Fargo raised its target to \$356 last month with management excited about the long-term prospects of myopia management lenses. Northcoast raised its target to \$340 citing strong organic growth in Cooper Vision and ParaGard and expects improved organic growth in the second half. Hedge Fund ownership rose 1.2% in Q1 filings, Veritas Asset Mgmt. the long concentrated holder of note.

Hawk Vision:



Hawk's Perspective: COO is a transcript I came away real positive last quarter and continue to like it long-term as an investment that is fairly safe to economic cycles.

Confidence Ranking: \$\$