



Edgewell Bulls Active on Turnaround Potential

Ticker/Price: EPC (\$28.40)

Analysis:

Edgewell Personal Care (EPC) with 20,000 January 2021 \$35 calls opening \$2.90, marked as a buy-write, potential stock replacement or new stock position willing to let shares go at \$35. **EPC** also with 2,200 November \$30 calls bought \$1.95 offer to open now and had 800 November \$35 puts sold to open back on 5/16 and on 5/15 the November \$35 calls opened 750X as part of a strangle. EPC will next report on 8/6 and one of the weaker performers with shares near decade lows trying to base above \$27.50 the last few weeks. The \$1.53B maker of personal care products now trades 8.6X Earnings, 0.71X Sales and 15X FCF. EPC has lost while peers like **PG/KMB** have been strong, and EPS still with a low growth outlook and sees continued earnings headwinds. Edgewell as seen Insiders actively buying stock in May in the \$30.5 to \$33 range for around \$1M. EPC announces a combination with Harry's back in May. The combination of Edgewell and Harry's brings together complementary capabilities to create a next-generation consumer products platform with an expansive runway for accelerated topline growth and enhanced value creation. Harry's has been a disruptive force across the men's and women's shaving market and adjacent grooming and personal care categories. Its demonstrated expertise in brand building and direct-to-consumer marketing are a complementary fit with Edgewell's strong intellectual property, best-in-class product technology, global scale and stable of strong consumer brands. Analysts have an average target of \$37 and short interest at 6.5% of the float has been falling to near a three-year low. SunTrust upgraded shares to Buy on 7/8 with a \$40 target seeing EPC returning to prominence in the US wet shave category with the Harry's deal, and valuation cheap considering the legacy business in near stabilization and could see divestitures of the Infant and Feminine Care businesses. Hedge Fund ownership fell 19.7% in Q1 filings.

Hawk Vision:



Hawk's Perspective: EPC obviously is an ugly chart and prefer to stick to up-trending names, but as a bottoming play it now has bullish options activity and insider buying, a combination I like to see.

Confidence Ranking: \$\$