



VF Corp Bullish Put Sale

Ticker/Price: VFC (\$88.15)

Analysis:

VF Corp (VFC) yesterday with 500 January 2021 \$90 puts sold to open for \$11.10, confident trade which sees value in shares at current levels. On 6-27, the January 2020 \$80 calls were bought 300X for \$10.45 while the August \$92.50 calls and August \$75 short puts have over 1,000 in OI from bullish trades in late May. The November \$80 calls were bought 360X in early May for \$17, a more than \$612,000 trade. Shares are trading in a narrow monthly range under \$89 and above \$86 with the 20- and 50-day MA just below yesterday's close. VFC has room up recent highs, a key area of resistance stretching back to mid-2018, and breakout targets \$120. The \$35.3B company trades 22.6X earnings, 2.65X sales, and 65X cash with a 1.95% yield. They see 14.5% and 13.7% EPS growth through FY22 with 6.8% and 7.3% revenue growth. VFC raised their FY outlook last week with strength across active (+8%) and outdoor (+7%). Their DTC business has been strong with double-digit growth again in Q1. The company completed their spin of their denim business in May which positions VFC as a more focused play on Vans, North Face, Timberland, an \$11B business with high-single digit growth. Vans remains one of the most popular brands among teens, a key demographic in the retail apparel space. Analysts have an average target for shares of \$94 with 10 buy ratings and 6 hold. Cowen raising their PT to \$100 on 6-27. The firm sees the September investor day as a potential catalyst as the company should lay out new five-year targets, which should be positive for the shares. Guggenheim with a \$95 PT for shares. The firm thinks VFC's "acute focus" on high margin channels, such as direct-to-consumer, digital and international, position it well to drive healthy long-term growth in revenue and margins. Goldman initiating post-spin at Buy in May, \$97 PT. They expect VF will become a higher growth business, with a portfolio focused on the "attractive" outdoor, active and work categories. She sees sustainable momentum at Vans and optionality at Timberland. Short interest is 1.4% and down from around 7.5% in early 2018. Hedge Fund ownership fell 3.8%. Diamond Hill Capital, Samlyn Capital, and RenTech all notable holders. In October 2018, two different directors bought stock around \$78.65/\$77.60, more than \$900k combined.

Hawk Vision:



Hawk's Perspective: VFC is a solid story in apparel, though there are some better plays and would prefer to see more substantial positioning in the name.

Confidence Ranking: \$\$