



## Unusual Calls Bought in Homebuilder Century Communities

Ticker/Price: CCS (\$30.50)

### Analysis:

**Century Communities (CCS)** flagging with 900 March \$30 calls opening up to \$4 and now up to 1,785X in the opening hour with IV30 rising sharply, +14%, and this the first real notable open interest in the name. CCS is forming a small bull flag after working out of a weekly bull flag that still has a measured move target up to \$40. The \$933.5B residential builder trades 10.1X EV/EBITDA and 6.75X Earnings. CCS estimates are looking for 40% EBITDA growth this year and 18.5% next year. CCS has diverse geographical exposure with 30% Mountain, 24% Southeast, and 20% West as leading areas and has been expanding markets with a successful history of M&A. It focuses on entry-level buyers with 42% in the 0-250K range and 32% in the 250K to 399K range. Analysts have an average target of \$35 on shares while short interest is hitting a five year high near 20% of the float. JP Morgan upgraded to Overweight on 9/11 with a \$32.50 target with a more positive outlook overall on homebuilders. B Riley raised its target to \$36 citing improved confidence in estimates after meeting with management and sees it as a highly attractive value stock. Hedge Fund ownership dropped 36.5% in Q2 filings.

### Hawk Vision:



**Hawk's Perspective:** CCS is in a strong trend and continues to ride the homebuilding wave, definitely a good looking value though the elevated and rising short interest is a concern.

**Confidence Ranking:** \$\$