



Unusual Calls Bought in Copart

Ticker/Price: CPRT (\$79.70)

Analysis:

Copart (CPRT) buyers of 565 May \$85 calls for \$4.30 today to open and still has 1,000 November \$80 calls in OI from buyers in mid-August. CPRT has seen longer-dated call buys in February \$85, December \$85, and December 2020 \$90 calls since July. Shares are consolidating a strong long-term trend under \$85 and bounced at the rising 20-week MA last Thursday. A move higher targets \$93-\$94 and ultimately \$100 with MACD back around zero and curling higher, ready to run. The \$18.44B company trades 27.2X earnings, 9X sales, and 67.5X FCF with mid-teens EPS growth and set to accelerate in FY22 up to 16.5% Y/Y. They continue to see high-single digit revenue growth as well. CPRT has been winning share in the US marketplace for a while now and continues to invest in International operations, especially Germany. They've invested more in 2019 on marketing and sales which is helping build up a much larger bidder pool which is helping not just unit volumes but ASP. Last quarter, margins were a standout up 277 bps. Analysts have an average target for shares of \$75 with limited coverage. Barrington positive on the growth in International business as they note international clients typically buy rebuildable higher-value vehicles. Short interest is 1.8% and down from around 4% in February. Hedge Fund ownership dropped 20% in Q2, largely due to Palestra Capital selling 1.58M shares. Point72 a new stake.

Hawk Vision:



Hawk's Perspective: CPRT has been one of these fantastic stories flying under the radar with margin advantages to peers and see it likely to continue its outperformance.

Confidence Ranking: \$\$