



## FEATURED OPTIONS RADAR REPORT



### Call Buyers See ELF Beauty Momentum Continuing

**Ticker/Price:** ELF (\$19.98)

#### Analysis:

**ELF Beauty (ELF)** with 2,500 August \$20 calls bought for \$2.75 to \$2.85, adjusting some July calls bought in late June with OI near 11,000 and August up to 3500X later in the day, also a name with 2,393 December \$15 calls in OI from a late April buyer. ELF shares have moved to its highest level in two years with major momentum off the April lows, shares nearly tripling, and a breakout of consolidation last week. A move above \$20.80 would clear a large monthly range that targets a move to \$35. ELF has been involved in a proxy battle with Marathon Partners with an agreement reached on 7-2 expanding its board. ELF's position with a low cost supply chain and #1 mass E-Commerce site should help it moving forward to gain market share. Its turnaround via digital and marketing has been impressive and continues to show momentum. Its marketing on Tik-Tok has a lot of success. ELF saw more than 50% increase in consumption digitally in FY20. Analysts have an average target of \$20.50 with short interest elevated at 7% of the float. Piper in May saying ELF is the best small cap name to own with brand momentum, collaborations including Chipotle, space gain potential in retail and a surging ecommerce and skincare business. It also cites clearer channels of distribution and catering to the low-end. SunTrust raised its target to \$20 in May seeing its price points and brand loyalty withstanding a recession well while Ulta channel and International should bounce back, and e-commerce is very strong. Hedge Fund ownership rose 4.9% in Q1 filings. ELF will report in early August.

#### Hawk Vision:



**Hawk's Perspective:** ELF has become a compelling turnaround story and plenty of technical momentum to continues this move.

**Confidence Ranking:** \$\$