



## FEATURED OPTIONS RADAR REPORT



### Bulls See Capri Moving Higher into 2021

**Ticker/Price:** CPRI (\$19.15)

#### Analysis:

**Capri Holdings (CPRI)** with buyers active today in May \$25 calls with 3700X trading \$2.84 to \$2.91, bullish positioning while peer Tapestry (TPR) has seen a lot of call activity recently as well. CPRI May \$25 calls saw 1000 open on 9/22 and an 8/17 opening sale of 10,000 January \$15 puts a large recent trade. CPRI shares are pulling back to its rising 21 MA this week after a strong run this month with shares briefly clearing the 200 day moving average and now pulling back under with a 38.2% retracement. The \$3.15B maker of luxury apparel and footwear trades 7X Earnings, 0.67X Sales and 5.5X FCF. Capri Holdings has a portfolio of three iconic, founder-led fashion luxury houses, and is poised to return to growth in FY22. CPRI presented at the Goldman Retail Conference on 9/10 and showed the improving trends of sales through August. It has a goal of \$7B in revenues from \$3.6B in 2021 with Michael Kors, Jimmy Choo and Versace brands. Analysts have an average target of \$19.50 with short interest at 8.8% of the float, down 25% Q/Q. MSCO upgraded to Overweight this week with a \$29 target noting a faster than expected recovery in sales and raised forecasts as well as seeing potential for Versace margin expansion and sales growth. Deutsche Bank with a \$25 target in July citing better results in Q2 with gross margin expansion at the two largest brands and better trends in digital sales. Hedge Fund ownership fell 11% in Q2 filings, Eminence Capital a top holder.

#### Hawk Vision:



**Hawk's Perspective:** CPRI always feels undervalued and has three iconic brands while valuation is extremely cheap. It could be a nice recovery story the next year or two.

**Confidence Ranking:** \$\$