



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Copart as Return to Normal Boosts Miles Driven

Ticker/Price: CPRT (\$114.50)

Analysis:

Copart (CPRT) traded 6500 calls on 11/20 which is 10X daily average as 4500 January \$120 calls bought aggressively to open up to \$3.10 and 800 of the January 2022 \$135 calls \$8.25 were bought later in the day. CPRT has 2000 December \$105 calls as well as 3000 combined in the \$95 and \$100 strikes and 1,140 of the \$80 calls in open interest from accumulation. On the chart shares have moved to new highs recently clearing a key early 2020 high at \$105 where the 21-week MA is currently, and shares pulling back near the 55-MA this week. Copart is a leading provider of online auctions and vehicle remarketing services and provides vehicle sellers with a full range of services to process and sell vehicles primarily over the internet through our Virtual Bidding Third Generation internet auction-style sales technology. Vehicle sellers consist primarily of insurance companies, but also include banks, finance companies, charities, fleet operators, dealers and from individuals. CPRT competes with **KAR** and **IAA**. CPRT business is correlated with accident frequency and this miles driven, which declined during the pandemic, and potential autonomous vehicle threat in the future. CPRT has seen ASPs at all-time highs with used care prices contributing to that environment. CPRT also is influenced by hurricane season causing property damage to vehicles. The \$27B company trades 35X Earnings, 12.2X Sales and 82.65X FCF. CPRT forecasts see revenue growth of 10.3% in 2021 with EPS growth of 16%, a company with a long history of double-digit growth. Analysts have an average target of \$121 and short interest is very low at 1.6% of the float. Guggenheim raised its target to \$115 in September impressed at flat revenues during a period seeing a 20% decline in miles driven and calling the premium valuation warranted. Truist raised its target to \$135 on 11/12 citing accelerating volumes in October and November as well as strong pricing trends. Hedge Fund ownership fell 1.6% in the latest quarter filings.

Hawk Vision:



Hawk's Perspective: CPRT has always been a top quality name and rarely provides entry near the 55-MA, so like the reward/risk set-up here.

Confidence Ranking: \$\$