



FEATURED OPTIONS RADAR REPORT



Bulls Accumulate Positions in Fashion House Leader As Luxury Spending Remains Strong

Ticker/Price: CPRI (\$57.55)

Analysis:

Capri (CPRI) bullish flows on 8/26 including 4,000 September 10th (W) \$57.50/\$62.50 call spreads, 1000 January 2023 \$40 puts sold to open, and a buyer of 1000 January \$50 calls for \$1.2M, adding to open interest. CPRI has seen bulls this week with 1,000 November \$70 calls bought and 500 of the \$60 puts sold while the November \$52.50 puts also being sold to open recently. CPRI has 1,500 January 2023 \$50 calls in OI from a \$1.7M buy in February. Shares are consolidating just below new highs for the year with a breakout move above \$61.25 measuring out to \$75. Shares bounced off the top of July value this week. The \$8.53B company trades 10.75X earnings, 1.75X sales, and 12.95X FCF with mid-double-digit growth. CPRI is coming off a strong quarter with Y/Y growth across all three of their major houses – Versace, Jimmy Choo, and Michael Kors – behind better customer engagement and unique collaborations. The high-end is benefitting from the return of red carpet events this Summer while their casual offerings across both handbags, ready-to-wear and shoes are performing well through new product launches. CPRI sees further upside from expansion into new categories like accessories, ecommerce, and restructuring their store base. Analysts have an average target for shares of \$62.50 and a Street High \$90. Cowen upgrading to Outperform on 8/4 citing bold logo innovation at Michael Kors and Versace and more confidence in Michael Kors' product, inventory, and pricing execution as well as Versace's brand and margin momentum. MKM upgraded shares to Buy on 8/2 noting that their playbook has been working in what has been a show-me story of its execution on acquisitions, and the silver lining from the pandemic was the company's operational transformation that positions it for more profitable and sustainable growth. Hedge fund ownership fell marginally last quarter. Park West a new buyer of stock.

Hawk Vision:



Hawk's Perspective: CPRI trades cheap and with three iconic brands expanding and seeing strong sales traction, looks poised to clear this long range and move back to the 2018 highs

Confidence Ranking: \$\$