



## Capri Bullish Positions as Shares Consolidate

Ticker/Price: CPRI (\$36.75)

### Analysis:

**Capri (CPRI)** with 3,000 May \$35 puts sold to open for \$2.25 today and also earlier 500 February 7<sup>th</sup> (W) \$36.50 calls bought ahead of earnings on 2-5. CPRI has seen the August \$30 puts, February \$37.50 puts, and May \$32.50 puts sold to open since mid-December while the May \$47.50 calls with buyers. CPRI shares up nearly 50% from the September lows and pulling back so far in 2020 back to rising cloud support. A move above \$38 and out of this small flag has room up to \$45. The longer-term basing pattern that stretches back to May targets a run up to \$55. The \$5.34B company trades 7X earnings and 0.96X sales with strong FCF and expecting high-single digit EPS growth. CPRI sees revenue growth accelerating in FY21 and FY22 as they continue inventory rationalization and put new strategies for Jimmy Choo into practice. The core MK brand has seen improvement in recent quarters and a lot of opportunity to expand the Versace brand into a \$2B+ unit through standalone stores, growth in accessories, and footwear. Analysts have an average target for shares of \$54 with 9 buy ratings and 4 hold. Wells Fargo upgrading to Buy on 1-2 noting that a number of headwinds in 2019 are starting to abate including tariffs and tough comps. Short interest is 7.3%. CPRI's CFO bought near \$400k in stock last year around \$34.40 while the CEO bought \$20M in stock at \$32.50. Hedge fund ownership jumped in Q3 by 18% with Eminence Capital a notable 13.5M share position and adding 4.5M.

### Hawk Vision:



**Hawk's Perspective:** CPRI has a nice consolidation and have an alert set at \$38.20 to evaluate for a potential trade.

**Confidence Ranking:** \$\$