



## Copart Bulls Continue to Accumulate Calls

Ticker/Price: CPRT (\$101.9)

### Analysis:

**Copart (CPRT)** a high quality name seeing 1000 December \$105 calls open for \$10, a \$1M trade and a name that has notable 1200 February \$85 calls, 4500 Mar. \$90 calls, 6500 Mar \$95 calls, and 1700 May \$85 calls in open interest from buyers. CPRT shares flagging on the daily just under new highs after a strong trend move and expected to report within the next two weeks, a nice hammer today off its rising 21 MA and can target a run to \$110 on a breakout near-term. The \$23.9B auto-dealer focused on internet sales of vehicles should see strong results considering peers in auto dealer space have posted strong numbers this quarter. CPRT trades at a premium valuation with its high margin profile, trading 33X Earnings, 77.5X FCF and 24.5X EBITDA currently with revenues seen growing 15.5% this year and EBITDA up 22%. CPRT has been winning share in the US marketplace for a while now and continues to invest in International operations where they expect to see strong growth in 2020. On 11-22, Barrington positive noting that CPRT is seeing higher ASPs and has "strong industry tailwinds" as U.S. vehicle inventories have grown by 15%. Analysts have an average target at \$95 and short interest low at 2.4% of the float. SunTrust raised its target to \$100 in November and Analyst coverage is rather thin and have been lagging the move for a long time. Hedge Fund ownership rose 10.5% in Q3 filings.

### Hawk Vision:



**Hawk's Perspective:** CPRT has been the long preferred name with its high margins and more modern business model and this is significant call accumulation for a lighter known name, and continue to see upside for shares despite its premium valuation.

**Confidence Ranking:** \$\$