

FEATURED OPTIONS RADAR REPORT



Casual Footwear Growth Name Sees Bulls Look for Summer Strength

Ticker/Price: CROX (\$116.95)

Analysis:

Crocs (CROX) on 6/7 saw buyers of 5250 July \$125 calls opening \$6.90 as June \$120 adjust higher for over \$3.6M bought on the day. CROX also saw some put buyers in January \$125 and \$120 puts into strength while early week buys of 1000 January \$150 calls were active at \$8 and last month a buyer of 1400 December \$145 calls at \$6.50 remains in open interest. The \$7.3B company trades at 10x earnings, 2.3x sales, FCF yield of 8.7%, while revenue expected to grow +13% in FY23 and growth estimated at +10% in FY24. Crocs, Inc. is engaged in the design, development, marketing, distribution, and sale of casual lifestyle footwear and accessories for women, men and children. The Company's Crocs Brands collection contain Croslite material, a proprietary, molded footwear technology. CROX is coming off a solid quarter beating top and bottom lines but guiding just inline so the stock sold off after the report as the name was strong into earnings. CROX mentioned on their earnings call that the Crocs and HEYDUDE brands continue to be in high demand, which led to strong double-digit revenue growth. HEYDUDE brand revenues were \$235 million, up 15% on a pro forma basis. Shares have been pulling back to the 200 day EMA since the earnings correction from highs near 150 and now bottoming out near the 110 level recently finding buyers at lower monthly value area support. The 110 level is strong support and now potential to breakout above value at 120 with a first target at 127.50 which is a VPOC above and that earnings gap up at 145 would be a second target later this year. The company also had an incredible Q1 sandal performance, where revenues grew 65% compared to last year, while Q1 revenues grew over 110% constant currency in China. Average analyst target is \$155. Baird last month saying CROX is on track to meet estimates and says recent broad-based price increases across product categories in selected international markets, as well as more moderate, but still notable, increases on several sandal styles in the U.S. market increase the firm's confidence. They have a \$175 price target and Outperform rating. B Riley raised to \$159 and keeps a Buy citing strong Q1 and has a favorable summer setup. Baird boosted its target to \$185 and keeps an Outperform while saying the Q1 update does not materially change our fundamental views and they remain bullish. Short interest is at 8.1%. Hedge fund ownership rose 4.9%.

Hawk Vision:



Hawk's Perspective: CROX is a name that likely resumes its uptrend if not already and can be bought against stops below the 200 day at 110 with the growth story intact likely sees 150+ later this year.

Confidence Ranking: \$\$