



FEATURED OPTIONS RADAR REPORT



Bulls Position in Edgewell Care with Valuation Cheap, Growth Inflecting

Ticker/Price: EPC (\$38)

Analysis:

Edgewell Personal Care (EPC) with its first notable trade in a long time as 5000 August \$40 calls bought to open for \$2.30 on 4/28 ahead of earnings 5-6. EPC shares are forming a small flag on the daily while the weekly consolidating after working out of a long base that measures to a target of \$50. Edgewell is one of the world's largest manufacturers and marketers of personal care products in the wet shave, sun and skin care, and feminine care categories. EPC has a small market cap of just \$2.08B and trades 12.9X Earnings, 1.07X Sales and 14.15X FCF with a 1.58% yield. Forecasts see revenues rising 5.4% in 2021 with EBITDA rising 4.1%. EPC has made some interesting acquisitions the last few years with Harry's and CREMO, the latter a premier men's grooming company it paid \$325M cash for in August. Analysts have an average target of \$40 with short interest at 8.8% of the float and rising 43.8% Q/Q. EPC's organic sales growth is expected to inflect positively in 2021 and improve through FY23 driven by abating share declines in Wet Shave and steady performance in Sun/Skin Care. EPC also has the balance sheet and capacity to continue to make bolt-on acquisitions and is also undergoing productivity cost savings with plans to return excess cash through share repurchases. EPC's categories were negatively impacted by COVID-19 as consumers remained at home, reducing shaving incidences and using less sunscreen. Deutsche Bank raised its target to \$40 in November highlighting the turnaround strategy after the Investor Day with margin expansion, stabilizing core categories and accelerating growth.

Hawk Vision:



Hawk's Perspective: EPC is a small cap value name of interest, nice flag set-up, cheap name, and sneaky reopening winner, so it looks good for a run higher.

Confidence Ranking: \$\$