



## Calls Accumulate in Crown Holdings

**Ticker/Price:** CCK (\$54.25)

### Analysis:

**Crown (CCK)** shares on an impressive run in 2019 and today 2,500 July \$60 calls open \$1.65 to \$1.70, a name with size in April \$52.5 and \$55 calls 2500X each. The March \$50 calls also with 1,780X in open interest from buyers. CCK shares cleared a multi-month range recently above \$51 which has a ten-point measured move back to the 2017 highs. CCK is seeing a monthly bullish MACD crossover and RSI back above 50 in February, strong setup in a name which has been on a long run since 2009. The \$7.18B packaging company trades 9.13X earnings, 0.64X sales, and 24X cash with expectations for 9% EPS growth and 5-6% revenue growth in FY20. CCK continues to see steady demand in both their beverage cans business, especially Asia, as well as their Transit Packaging business acquired from Signode while EU food has lagged against tough comps. They continue to expand capacity for beverage cans while focusing on cash flow and deleveraging in 2019. CCK has seen pressures from tariffs and sees upside to margins this year with price increase pass-throughs. Analysts have an average target for shares of \$59 with 8 buy ratings and 2 hold ratings. Short interest is 8.6% and down from September's highs when it was 10.7%. MSCO starting at Equal Weight on 1/16 with a \$49 PT. They see upside in the near-term driven by the Signode deal which greatly expands their product mix but longer-term remains a multi-quarter 'show me' story. CSFB upgraded to Outperform in November with a \$57 PT. They see scope for significant EPS and FCF growth while multiple headwinds in the legacy operations provide a relatively easy comp for 2019. Institutional ownership rose 37% last quarter.

### Hawk Vision:



**Trading Strategy:** CCK has been hot and its deal for Signode really turned things around, a consolidation back near \$50 would be ideal for entry.

**Confidence Ranking:** \$\$