



## FEATURED OPTIONS RADAR REPORT



### Bullish Trades Bet on Luxury Apparel Name

**Ticker/Price:** TPR (\$33.75)

**Tapestry (TPR)** large trade on 3/14 opened 6500 May \$40/\$27.5 bull risk reversals opened at \$0.45-\$0.50 debits and a name with 12,000 April \$42.50 calls in open interest from a large buy back on 3/1. TPR also with 1000 January \$35 puts sold to open back on 2/1. TPR shares are down 15% YTD and sit just below the 38.2% Fibonacci retracement while the 50% retracement level is down at \$30 and aligns with better volume support, VWAP off March 2020 lows comes in at \$29.25. Tapestry is a leading maker of luxury accessories and lifestyle brands that acquired Kate Spade in 2018 and also owns the Stuart Weitzman brand along with its core Coach brand. TPR shares trade 8.35X Earnings, 5.8X EBITDA and 9.35X FCF with a 2.18% dividend yield, extremely cheap on valuation though working off tough comps with 2022 seen strong at 17.6%/16.5% Revenue/EBITDA growth before slowing in FY23. TPR is coming off a beat and raise quarter. TPR's CEO bought \$197K in stock on 3/14. Analysts have an average target of \$53 and short interest is low at 1.8% of the float. MSCO was encouraged by the quarter noting the company navigated supply chain issues and freight costs well and the brand is showing strength while valuation is very reasonable. Barclays raised its target to \$51 after the quarter on positive demand trends. Baird also positive with a \$55 target and Citi with a \$50 target noting all brands beating estimates and Kate Spade seeing positive inflection.

#### Hawk Vision:



**Hawk's Perspective:** TPR is a nice value for a patient investor while near-term I worry about the China lockdowns and impact on tourism spending, a move to \$30 near-term could be a bottom.

**Confidence Ranking:** \$\$