



VF Corp Bulls Step into Sharp Sell-Off with Calls

Ticker/Price: VFC (\$82.60)

Analysis:

VF Corp (VFC) buyers coming in for 1200 May \$82.5 calls into weakness at \$4.40 offer and follows 4500 March \$92.5/\$97.5 call spreads bought into the post-earnings sell-off. VFC shares this morning hit a 50% retracement of the 2019 to 2020 range, an ideal spot to bounce, and are very oversold. The \$34B apparel company trades 21.8X Earnings, 2.65X Sales and yields 2.27%. VFC recently beat on EPS but Revenues came in light and it lowered the FY20 outlook. VFC announced plans to explore strategic alternatives for the Work unit in January and also is said to be actively exploring M&A deals. In December it was reported VFC was among bidders for the Golden Goose brand, valued near 1.4B Euros. VFC forecasts see revenue growth sustaining near 5.5% over the next year and double digit EPS growth. Analysts have an average target of \$98.50 and short interest at 2.4% of the float did jump 75% Q/Q back to a two-year high. Deutsche Bank noted VFC is in the penalty box near-term with tough comps ahead and investors wanting to see acquisitions. SIG called weakness a buying opportunity seeing it on track to achieve long-term financial targets, a \$105 target.

Hawk Vision:



Hawk's Perspective: VFC remains an attractive Apparel leader and this move looks overdone, prefer a proper base to form but also have some levels to trade against, the May calls ITM look meaningful in size.

Confidence Ranking: \$\$