



Bullish

6/10/2019

Bullish Alert for \$CROX

Takeaways/Key Points

1. Crocs' Purchase Intent (PI) Mentions have demonstrated a strong correlation to the company's top-line revenue, particularly in the past few years.
 2. After noting unusual YoY PI growth last May, LikeFolio released a Bullish Alert for \$CROX; Crocs' Purchase Intent went on to attain a new high level in the Summer, which led their stock price to increase by roughly 70% in the following months.
 3. The volume of Purchase Intent Mentions for Crocs brand shoes has continued to improve year-over-year in 2019, yet the underlying stock price has fallen by nearly 35% in the last month.
 4. Crocs, Inc. has surpassed revenue and earnings expectations in nine consecutive quarterly reports, and if they can continue that trend in 2019, we expect to see their valuation recover substantially.
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Potential Trade Ideas

Simple Option: Buy the stock

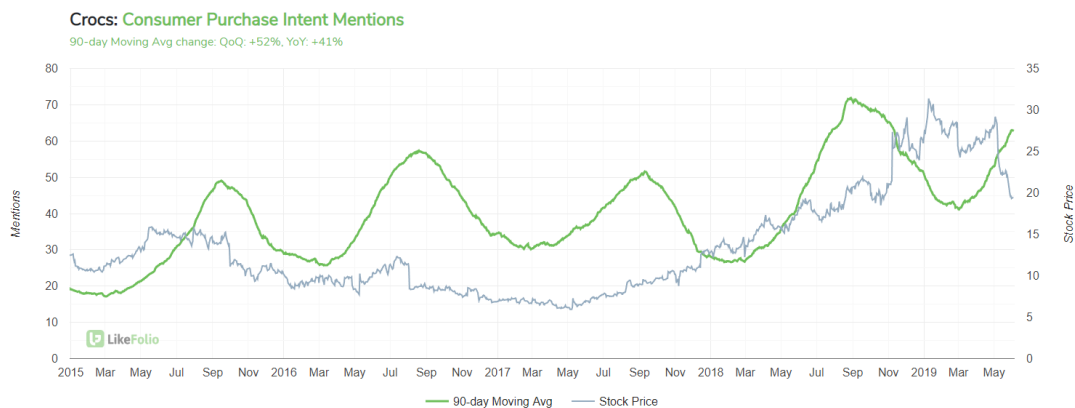
Option Spread: Sell the Jan. 20 22/20 Put Spread @ \$1.20 Credit. Max Loss: \$80 per contract. Max Gain: \$120 per contract.

Aggressive: Purchase ATM Call Options with an expiration in July or later.

CROX analysis:

The Crocs brand has experienced a renaissance in the past two years. Once the object of nearly universal scorn, the undeniably comfortable and questionably fashionable shoes have found new life with the irony-loving youth of America. The veritable “meme” status of Crocs has recently caused a massive resurgence in the company’s Purchase Intent Mentions and Sales.

Consider the chart below, which plots the 90-day moving average of Crocs’ PI Mentions against the company’s stock price, beginning in 2015.



[Open this view in Dashboard](#)

The trendline of Crocs' Purchase Intent follows a distinct seasonal pattern, with mentions reaching an annual high during the Summer months. That period directly correlates to the company's second fiscal quarter, which typically contains the most significant portion of their revenue for the year.

Following an extensive earnings miss for the second quarter of 2016, the price of \$CROX shares sunk to an 8-year low of approximately \$6. Despite a concurrent decrease in Crocs' PI Mentions throughout most of the following year, diminished market expectations helped them to reverse the Bearish price action in 2017. Crocs' Mentions began to increase from the previous year in 2018, which allowed the shoe manufacturer to surpass analysts' estimates for the first quarter, as well as increasing their sales on a YoY basis. Since then, Crocs, Inc. has maintained that trend, with top-line revenues surpassing both the previous year and the expectations of Wall St. in their last six reports; shares of \$CROX have appreciated by 50% as a result.

The moving average of Crocs' PI Mentions has increased by more 40% over the past year, which points to a growing number of consumers utilizing their products and expanded sales in the future. The current Bullish Divergence between the company's stock price and their Purchase Intent Mention volume suggests that \$CROX shares have become oversold in the past few months. With Mentions at an ATH for Q2, we expect to see another impressive report from Crocs, Inc. and return to the price levels seen in 2018.

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