



Macro Ops Breakout Alerts

*No Dead Money
May 15, 2020*



Past Alerts: Buy, Sell and Stop Signals

BUY TRIGGERS

- Slack Technologies (WORK)
- Campari (CPR)

STOP LOSS TRIGGERS

- Charles Schwab (SCHW)
- Discover Financial Services (DFS)

SELL TRIGGERS

- Grendene (GRND3)
- First Financial Northwest (FFNW)
- John Deere & Co. (DE)



Credit Acceptance Corp (CACC): Ascending Right Triangle



Long Trade:

- 3% Entry: \$345.66
- 1.50% Entry: \$340.62
- Stop-Loss: \$315.66
- Profit Target: \$475.12
- Reward/Risk: 5.39x



Credit Acceptance (CACC): Business Description

Credit Acceptance Corporation provides financing programs, and related products and services to independent and franchised automobile dealers in the United States. The company advances money to dealers in exchange for the right to service the underlying consumer loans; and buys the consumer loans from the dealers and keeps various amounts collected from the consumers. It is also involved in the business of reinsuring coverage under vehicle service contracts sold to consumers by dealers on vehicles financed by the company. - TIKR.com



Credit Acceptance (CACC): Fundamental Info

Financials:

- Market Cap: \$5.67B
- Enterprise Value: \$12.35B
- P/Cash Flow: 10x
- ROE: 30%
- LT Debt/Equity 1.92x

What We Like:

- Well-known value guys are in it
- 10%+ 5YR Revenue CAGR
- 70% Operating Margins
- 54% Net Income Margin

What We Don't Like:

- Related to car industry (cyclical)
- Cars are depreciating assets
- Relative high valuation (15x normalized earnings)



YZJ Shipbuilding (BS6): Inverse Head & Shoulders



Long Trade:

- 3% Entry: \$1.10
- 1.50% Entry: \$1.09
- Stop-Loss: \$1.00
- Profit Target: \$1.37
- Reward/Risk: 3.25x



YZJ Shipbuilding (BS6): Business Description

Yangzijiang Shipbuilding (Holdings) Ltd., an investment holding company, operates in the shipbuilding activities in the People's Republic of China, Taiwan, Germany, Greece, Norway, Canada, Bahamas, and other Asian and European countries. The company operates through Shipbuilding, Investments, Trading, and Others segments.

It produces a range of commercial vessels, such as containerships, dry bulk carriers, oil tankers, and liquefied natural gas (LNG) carriers. The company also engages in the production and processing of steel structures. In addition, it facilitates the sale and export of ships for the ship builder; trades in ship related equipment and shipbuilding related materials/supplies; provides microcredit to enterprises and individuals; and supplies marine equipment and materials, as well as engages in debt and other investment activities- TIKR.com



YZJ Shipbuilding (BS6): Fundamental Info

Financials:

- Market Cap: \$2.8B
- Enterprise Value: \$319M
- EV/EBITDA: 0.60x
- EBIT Margin: 16%
- ROE: 10.7%
- P/FCF: 6x

What We Like:

- Loads of net cash on the balance sheet
- Shipbuilding has short-term tailwinds
- Strong profitability

What We Don't Like:

- Chinese Stock -- could be a fraud
- Tough to trade / illiquid



Akerna Corp (KERN): Head & Shoulders Top



Short Trade:

- 3% Entry: \$6.66
- 1.50% Entry: \$6.77
- Stop-Loss: \$7.98
- Profit Target: \$4.24
- Reward/Risk: 2.08x



Akerna Corp (KERN): Business Description

Akerna Corp. operates a technology company in the cannabis space. The company offers MJ Platform and Leaf Data Systems that provide clients and government entities with a central data management system for tracking regulated cannabis products. - TIKR.com



Akerna Corp (KERN): Fundamental Info

Financials:

- Market Cap: \$96M
- Enterprise Value: \$77M
- EV/Sales: 3.62x
- ROE: -103%
- EBIT Margin: -100%
- Net Cash: \$19M

What We Like:

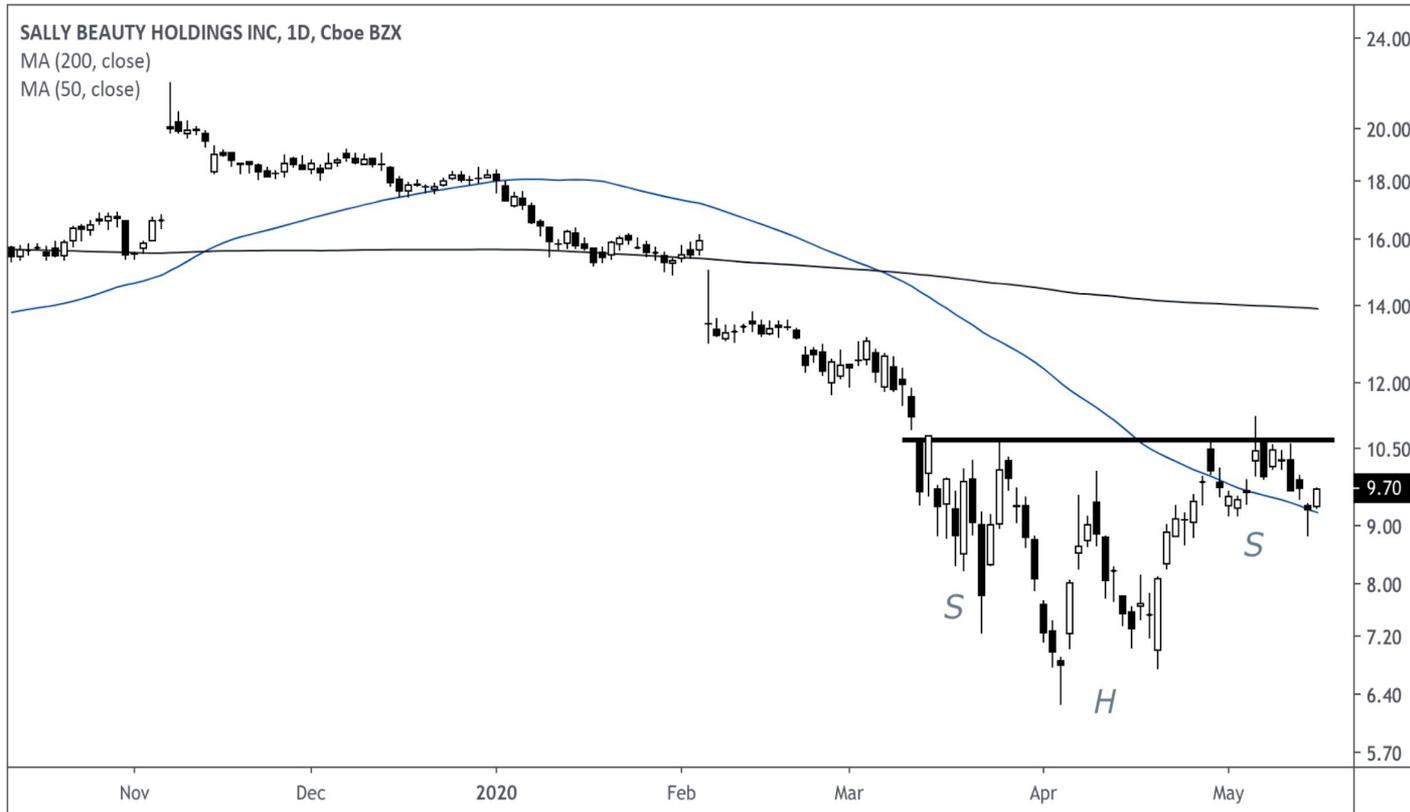
- 33% 3YR Revenue CAGR
- 50%+ Gross Margins
- Net cash on balance sheet

What We Don't Like:

- No operating profits
- Burning cash
- Former SPAC



Sally Beauty Holdings (SBH): Inverse Head & Shoulders



Long Trade:

- 3% Entry: \$11.02
- 1.50% Entry: \$10.86
- Stop-Loss: \$9.65
- Profit Target: \$14.58
- Reward/Risk: 3.07x



Sally Beauty Holdings (SBH): Business Description

Sally Beauty Holdings, Inc. operates as a specialty retailer and distributor of professional beauty supplies. The company operates through two segments, Sally Beauty Supply and Beauty Systems Group.

The Sally Beauty Supply segment offers beauty products, including hair color and care, skin and nail care, styling tools, and other beauty products for retail customers and salon professionals. This segment also provides products under third-party brands, such as Wella, Clairol, OPI, Conair, and Hot Shot Tools, as well as exclusive-label brand merchandise.

The Beauty Systems Group segment offers professional beauty products, such as hair color and care, skin and nail care, styling tools, and other beauty items directly to salons and salon professionals through its professional-only stores, e-commerce Websites, and sales force, as well as through franchised stores under the Armstrong McCall store names. - TIKR.com



Sally Beauty (SBH): Fundamental Info

Financials:

- Market Cap: \$1.08B
- Enterprise Value: \$3.22B
- EV/EBITDA: 8.31x
- ROC: 28%
- Net Debt / EBITDA: 2.69x

What We Like:

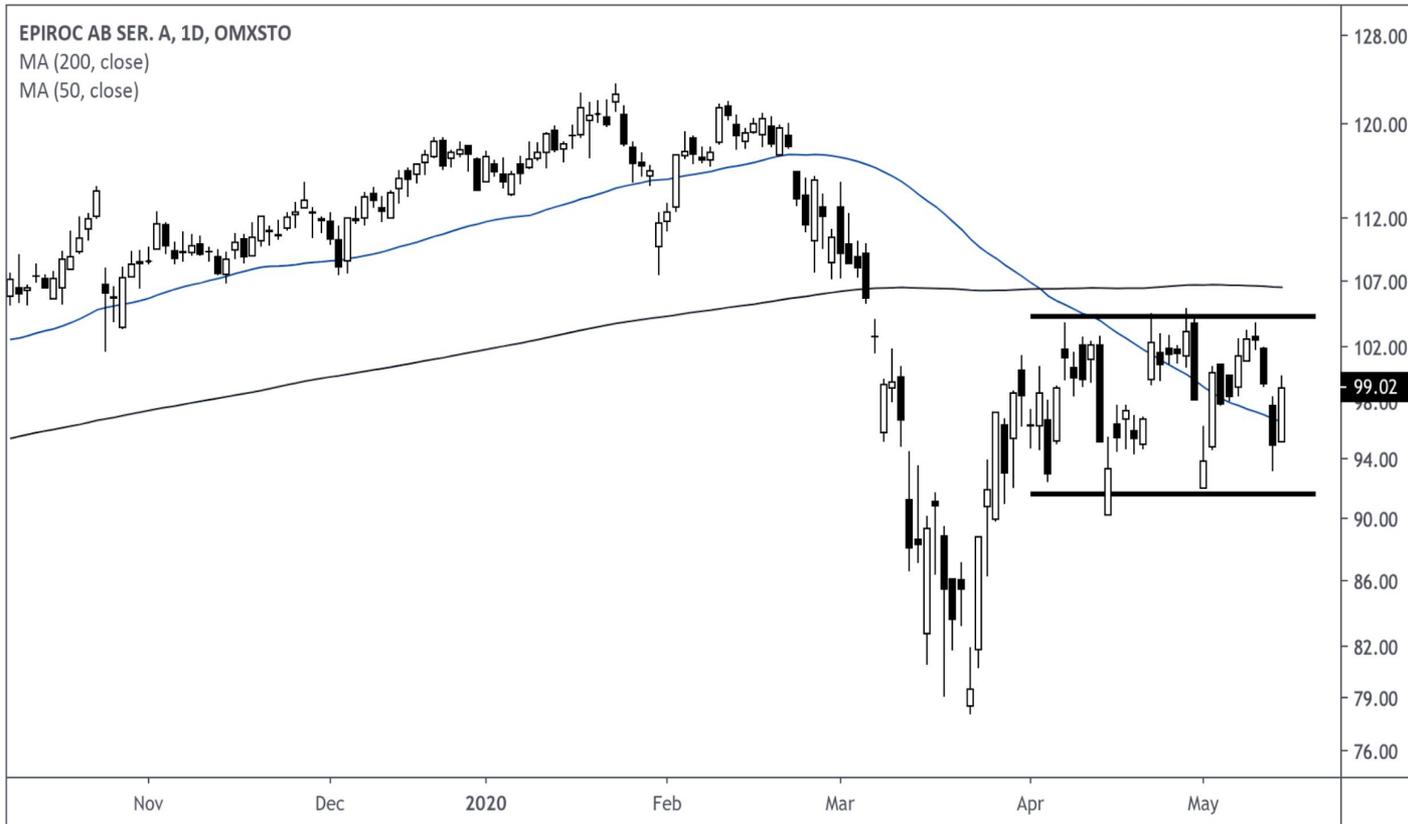
- Near 50% Gross Margin (Consistent)
- 11% Operating Margin
- Consistent Share Buybacks
- FCF positive since 2004

What We Don't Like:

- Steady increase in inventories
- Increase in Rec. Turnover
- Increase in Cash Conversion



Epiroc AB (EPI_A): Rectangle



Long Trade:

- 3% Entry: \$107.43
- 1.50% Entry: \$105.86
- Stop-Loss: \$98.55
- Profit Target: \$119.01
- Reward/Risk: 1.80x

Short Trade:

- 3% Entry: \$88.90
- 1.50% Entry: \$90.28
- Stop-Loss: \$95.85
- Profit Target: \$78.50
- Reward/Risk: 2.11x



Epiroc (EPI_A): Business Description

Epiroc AB (publ), together with its subsidiaries, develops and produces equipment, consumables, and service for use in surface and underground mining, infrastructure, civil works, and well drilling worldwide. It operates through two segments, Equipment & Service, and Tools & Attachments. The Equipment & Service segment provides rock drilling equipment; equipment for mechanical rock excavation; rock reinforcement; loading and haulage; ventilation systems; and drilling equipment for exploration, water, oil, and gas, as well as related spare parts and service.

The Tools & Attachments segment offers rock drilling tools and hydraulic attachments that are used primarily for drilling, deconstruction, recycling, and rock excavation; and related service and spare parts. It also offers loaders and trucks, reverse circulation drill rigs, and dimensional stone drill rigs, as well as water well drilling equipment and related parts, services, and consumables; and aftermarket services. - TIKR.com



Epiroc (EPI_A): Fundamental Info

Financials:

- Market Cap: \$12.6B
- Enterprise Value: \$12.4B
- EV/EBITDA: 14x
- ROE: 28%
- Net Debt: -\$111M

What We Like:

- 37% Gross Margins
- 20% Operating Margins
- Share buybacks
- High FCF Generation

What We Don't Like:

- Not *crazy* cheap (18x FCF)
- Increase in Rec. Turnover
- Cyclical end-customers (construction)





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