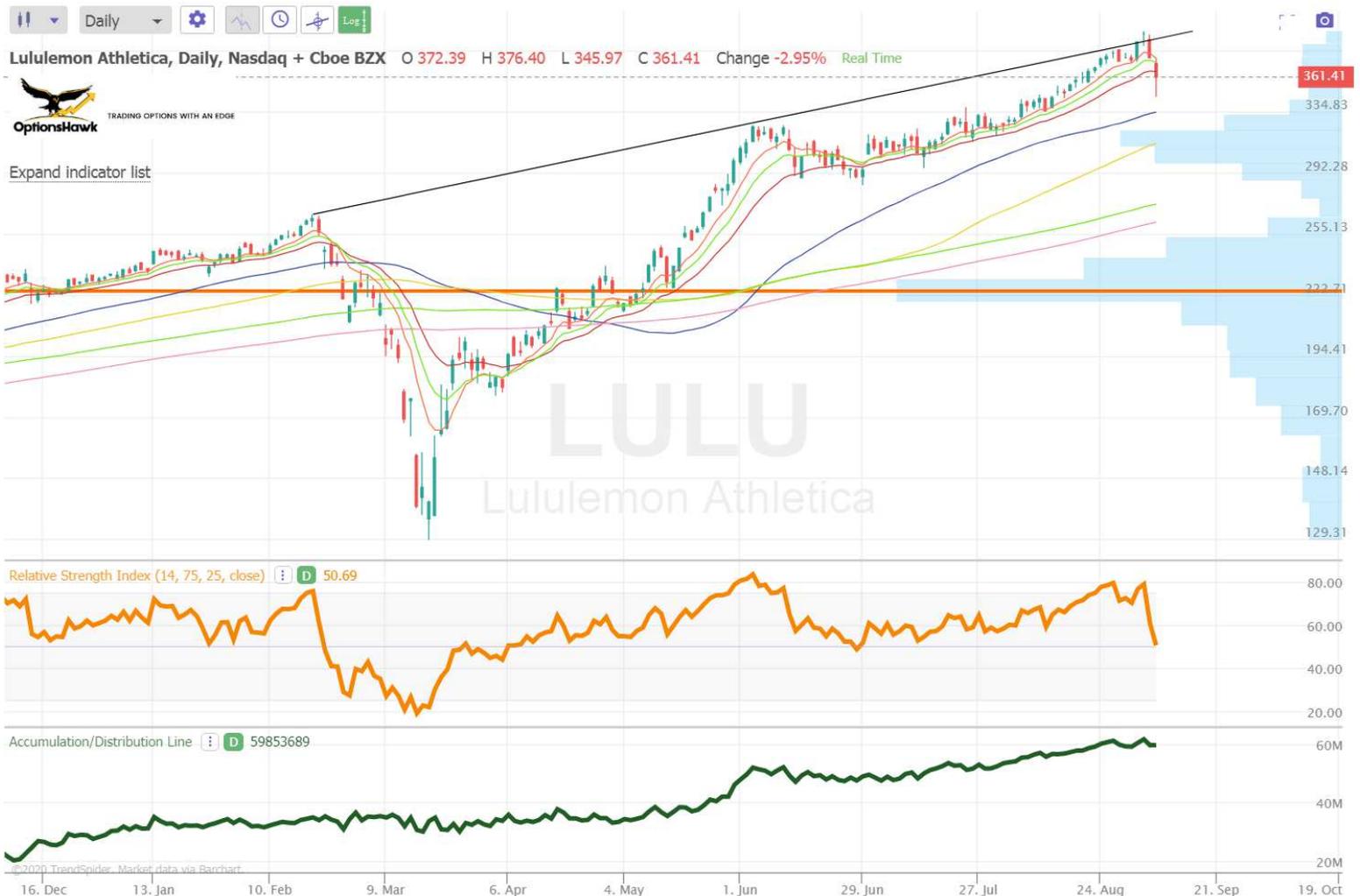




LULU, PTON, WORK

Lululemon (LULU) will announce results 9/8 after the close with the Street looking for \$0.56 EPS and \$842.5M in Revenues and FY21 seen at \$4.27/\$4.01B. LULU shares have closed lower the last three reports after being higher 9 of the prior 10 reports, a six quarter average max move of 8.85%. The \$49B active apparel Company trades 56.55X Earnings and 12.8X Sales, premium valuation, but one of the strongest sales stories in apparel. LULU expects to return to 26% revenue growth and 49.5% EPS growth in FY22 as it weathers the COVID storm. LULU did an intriguing \$500M acquisition of MIRROR in July in a move into the large at-home fitness market. Analysts have an average target of \$360 and short interest is low at 3% of the float. BTIG raised its target to \$460 last week expecting a strong beat with stores reopening and a digital sales boost. Piper raised its target to \$396 citing strong channel checks for Q2. Needham raised its target to \$430 into results citing favorable peer read-throughs and LULU the best positioned name in the digital channel. Citi downgraded shares to Neutral with a \$400 target noting shares are pricing in perfection. Hedge Fund ownership fell 4.7% in Q2 filings. On the chart LULU shares pulled back with growth/momentum names last week and remain above the rising 55 MA which is at \$334 as support while \$320 is the largest volume node of support. The \$375 and \$400 levels are resistance points. LULU options are pricing in a 9.6% earnings move and 30 day IV Skew at +0.6 vs the 52-week average of +3.9. LULU does not have any real notable open interest remaining in active expirations.

Trade to Consider: Sell the **LULU** September \$340/\$330 Put Spread for a \$3 Credit



Slack (WORK) will release earnings 9/8 after the close with the Street view at (\$0.03) EPS and \$209M in Revenues (+44%) and FY21 seen at (\$0.16)/\$872M. WORK shares have closed lower on results three of its four reports with an average max move of 7.8%. The \$17.5B collaboration software Company trades 17.8X EV/Sales with revenue growth seen at 38% in 2021 and 31% in 2022, though much of the investor focus on competitive threats from Microsoft Teams. Investors will be looking for better profitability and watching FCF trends while engagement expected to be very strong from work-from-home initiatives. WORK has impressive 132% net-dollar based retention rates and has been seeing better traction with large customers. Analysts have an average target of \$34 and short interest at 30% of the float is hitting a record high. RW Baird positive into results with a \$37 target and sees expansion of Share Channels a significant differentiator. Hedge Fund ownership fell 51% in Q2 filings, ARK Investment with a new small position. On the chart WORK shares pulled back last week to rest its lower value level and sits just above the rising 200 day MA making reward/risk much more attractive into results with plenty of support in the \$26.5/\$27.5 zone. Resistance comes into play at \$31 and \$33.5 though the high short interest could cause a sharp reaction. WORK options are pricing in a 13.4% earnings move and 30 day IV skew is bullish inverted at -1.7% which compares to a 52-week average of +0.7. WORK has seen a lot of options flow with a modest bullish bias but overall mixed. A trade from 7/9 strands out with 6500 Dec. \$35/\$42 call spreads bought and the \$25 puts sold.

Trade to Consider: Long the **WORK** December \$32/\$37 Call Spreads at \$1.50 Debit



Peloton (PTON) will report earnings 9/10 after the close with the Street calling for \$0.09 EPS and \$578M in Revenues (+159%), and Q1/FY21 seen at (\$0.06)/\$493M and (\$0.22)/\$2.7B. PTON shares jumped 16% last quarter on results after being lower its previous two reports, an average max move on its three reports near 11.5%. The \$23.3B fitness Company has been a major winner from COVID and trades 9X FY21 EV/Sales with revenues seen rising 96% this year and another 50% in 2021. Analysts have an average target of \$68.50 and short interest at 3.3% of the float has been falling rapidly to new lows, down 38% Q/Q. JPM raised its target to \$105 recently seeing significant upside to consensus estimates citing long delays in delivery times evidence of strong demand. Goldman raised its target to \$96 noting expectations are too low and sees an acceleration and steepening of the adoption curve in a fitness landscape that is fundamentally altered. PTON also continues to expand its product lines with reports it is planning to launch a cheaper treadmill and higher end bike. JMP raised its target to \$105 after citing strength in instructor engagement. Hedge Fund ownership rose 13.6% in Q2 filings, Tiger Global and Coatue adding to positions. On the chart PTON shares pulled back modestly last week with growth/momentum names and held the rising 21 MA on a closing basis also retesting its recent flag breakout which has unfinished business to its \$100 measured move target. PTON options are pricing in an 18% earnings move and 30 day IV Skew continues in a state of bullish inversion. PTON has seen a strong bullish bias to positioning for many months and continues to see mostly bullish action near-term and long-term.

Trade to Consider: Long the **PTON** September/January \$100 Call Calendar Spread at \$7.45 Debit



Disclaimer:

These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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