



Ollie's Bargain Outlet Unusual Call Buying

Ticker/Price: OLLI (\$98)

Analysis:

Ollie's Bargain Outlet (OLLI) buyers early of another 600 June \$95 calls this morning up to \$4.30 where 800 were bought yesterday and also seeing 1,000 July \$95 calls bought up to \$6.50. OLLI still has 500 October \$105 calls in open interest from buyers. Shares pulled back to the rising 50-day MA last week and found support after earnings with a nice reversal candle and follow-through higher this week. OLLI is not far from new highs above \$100 with a measured target up to \$120. The \$6.29B company trades 38.25X earnings, 4.88X sales, and 121X cash with 20%+ EPS growth. OLLI sees 15.4% and 15.8% revenue growth over the next two years. The company continues to execute well as they expand their store footprint and see higher deal flow. They've posted 20 consecutive quarters of positive comps and their treasure hunt format has a long proven strategy of engaging foot traffic and not a threat from e-commerce giants like Amazon. Analysts have an average target for shares of \$92.50 with 6 buy ratings and 7 hold ratings. CSFB with an interesting note on 5/14 seeing OLLI as a beneficiary of potential trade dislocations and tariffs. They note that OLLI only embeds about a 10% headwind from China sourcing but "the impact for others may create unique closeout and pricing opportunities for Ollie's near-term. In short, OLLI's closeout model tends to benefit from others' pain, and comp guidance appears to be fairly conservative in both Q1 and Q4." Dougherty started at Buy on 5/23 with a \$115 PT. They think OLLI has room to triple its store base over the next decade. Short interest is 8.5% and rising since late 2018 when it was around 5%. Hedge Fund ownership fell 21.5% last quarter. Junto Capital and Point72 buyers of new stakes.

Hawk Vision:



Trading Strategy: OLLI continues to set up well and is one of the stronger growth stories in Retail, a name to stick with for exposure to discount retail that is Amazon-proof.

Confidence Ranking: \$\$