



## Floor and Décor Options See Further Upside

**Ticker/Price:** FND (\$49.50)

### Analysis:

**Floor & Décor (FND)** buyers of more than 1,300 October \$47.50 calls this morning up to \$3.80 and now trading over 2,000X on the day. FND had buyers last week in the December \$42 calls while the January \$52.50 calls with 2800X in open interest from 8-29. Shares are coiled in a bull flag under \$50 and above the rising 20-MA which is just below last week's range. A move higher targets \$55 but longer-term range could see more upside above the 2018 highs. The \$4.94B company trades 35.6X earnings, 2.65X sales, and 85X FCF with expectations for 23.8% and 21% EPS growth the next two years. FND is seeing 18% to 23% sales growth as well with mid-single digit comps. FND was at the GS conference two weeks ago and management positive on multiple drivers for comps into year-end including lapping Hurricane Harvey which will alleviate some Houston-area headwinds, a number of new stores entering the comp base, and less of an impact from tariffs as price hikes start to pass through. FND is also launching a number of new initiatives including design services, a high-margin segment which allows them to be involved in all aspects of a home project. Analysts have an average target for shares of \$44. Wedbush with a \$45 PT on 8-8 while Goldman starting at Neutral in July with a \$45 PT and some caution around housing. Citi with a \$51 PT and positive on their "big-box, category-killer model" and the associated runway for double-digit sales and EPS growth. Short interest is 7.9% and down from around 10.6% in June. Hedge Fund ownership fell 0.45% in Q2. Ares Management with 19.4M shares while Samlyn Capital and Raging Capital other notable holders. FND last saw open market stock buys from insiders in March when a director bought shares around \$38.

### Hawk Vision:



**Hawk's Perspective:** FND is a small retail growth name that really sets itself apart and long been a favorite name for the resilient home remodel theme, and looking for strength to continue.

**Confidence Ranking:** \$\$