



## 1-800-Flowers Calls Build into Seasonally Strong Period

Ticker/Price: FLWS \$13.40

### Analysis:

**1-800-Flowers (FLWS)** with another 1,000 March \$12.50 calls bought to open yesterday and open interest rising now to 4,571 after continued adds over the past week. FLWS doesn't really have any other notable open interest other than a buyer of 1000 November \$15 calls on 10-30 that expire next week. Shares are down almost 40% from YTD highs above \$20 and back to a big volume node from 2018 where it based before the run higher. It's also back to key trend support from the 2014 lows and on a long-term view forming a series of higher lows and higher highs. The \$910.25M company trades 19.6X earnings, 0.73X sales, and 20X FCF with guidance looking for 17.5% EPS growth in 2021 and high-single digit revenue growth. FLWS has been focusing on growing share after investing in their online arm, BloomNet, and continued progress in Q1 with better digital directory sales and demand for their wholesale products. They also launched a loyalty program that continues to see double-digit growth as well as higher frequency of spending and ticket. In August, the company acquired Shari's Berries in a \$20.5M deal and should be a nice supplemental add into the busy Holiday season as well as early-2020 events like Valentines. Analysts have an average target for shares of \$25 but limited coverage. DA Davidson upgrading to Buy earlier this year with a \$22.50 PT. They think FLWS continues to gain share over peer FTD while its Consumer Floral and BloomNet businesses growing solidly in the low-double digits. They think 1-800-Flowers.com is finally firing on all cylinders as a result of effective digital spending and long-term investment in mobile. On 9-26, they noted that 2020 EBITDA guidance has upside potential from the Sharri's Berries deal and its margins may also be improved given expectations of more rational competitive promotional spending under the ownership of private equity interests. 1-800-fShort interest is 3.2% and down from around 4.7% in June. Hedge fund ownership was flat in Q2.

### Hawk Vision:



**Hawk's Perspective:** FLWS is an interesting small-cap at this level with multiple ways to grow in a fragmented market.

**Confidence Ranking:** \$\$