



Weight Watchers Bullish Activity Relentless

Ticker/Price: WW (\$40.40)

Analysis:

WW (WW) more bullish flow today with the January \$42/\$47 call spread active 1,000X and follows 500 February \$45 calls bought earlier this week. Today's flow is looking to add to the 3,750 January \$42 calls bought recently and 4,500 of the \$45 calls. The January \$50 calls have also seen buyers over 5,000X and put sales in the July \$40 strike on 12-2. WW shares are back at rising channel support from the June lows with a move higher targeting \$50. WW had a strong bounce from the earnings gap down in November and pulling back to the 50-MA and Sept/October VPOC this week where it's finding support and MACD set to curl higher. The \$2.67B company trades 19.4X earnings, 1.9X sales, and 15.2X FCF with 20% EPS growth and a rebound in sales growth next year. WW has undergone a big transition over the last year from a purely weight loss specialty company into a more wellness focused brand with exposure to activities management and loyalty groups. The new WW is coming out of a year of investments into their app and other tech while announcing partnerships with other wellness brands like Headspace in an effort to drive membership. In October, they launched their new plans, myWW, with a focus on personal health with more options for members ahead of the seasonally strong diet season. Analysts have an average target for shares of \$36. B Riley with a \$46 PT citing positive reception to new plans while the Oprah extension announced yesterday removes a big overhang. Craig Hallum with a \$50 PT as they think a hike in Google searches bodes well for early demand and the earlier launch than previous programs creates a longer runway for education and exposure to the program before the January Diet Season begins. Hedge fund ownership fell 5% in Q3 with Maverick Capital and Empyrean Capital notable buyers. Short interest is down to 7.5% from 17.2% in May. CEO Mindy Grossman has been active buying stock over the last year including a \$350k buy in November 2018 at \$50.

Hawk Vision:



Hawk's Perspective: WW action has been hot since 11/11 and shares with a healthy looking pullback are setting back up. It looks like a nice seasonal play for January and these spreads offer a nice reward/risk.

Confidence Ranking: \$\$