



Iron Mountain Bears See Continued Weakness as Pricing Pressures

Ticker/Price: IRM \$24.15

Analysis:

Iron Mountain (IRM) buyers of 2,600 May \$30 ITM puts today up to \$6.40 to open and volumes now over 5750. IRM is a name that has seen a lot of bearish flows including 5000 January \$25 puts and 1000 July \$32.50 puts in early March. IRM also has some size OI in the January \$27.50 puts. Shares have rebounding this week to the declining 8-EMA and 38.2% Fibonacci of the recent decline, potential turning point for a run back at recent lows around \$21. Longer-term, IRM is back at major monthly support going back to 2008 after breaking an uptrend and has room under \$15 with further pressure. The \$7.5B company trades 18.8X earnings and 1.8X sales with a near 10% yield. IRM is a leader in storage solutions like records storage, information management, digital conversion, secure destruction, and more. They've seen a slowdown in margins within their core business with EPS estimates coming down from 25% growth to as low as 3.5% in FY22 while revenue projections remain sluggish in the low-single digits. They've seen steady declines in records management volumes, as well, while customer acquisition costs continue to rise. IRM has been hurt by declining office paper prices that has contracted by double-digits over the last year and near the lowest levels since 2009. Analysts have an average target for shares of \$31. BAML with an Underperform noting that recycle paper prices continue to decline and remain an insurmountable headwind to guidance. They note that while selling recycled paper is a small part of the overall mix, it's a big part of margin guidance. Goldman positive on 2-12 seeing potential for a bottoming in paper prices as pulp inventories start to decline. Short interest is 15.9% and surging since late 2016 when it was around 4%. Hedge fund ownership was flat in Q4, Glaxis Capital with a put position.

Hawk Vision:



Hawk's Perspective: IRM looks like a clear short and recent bounce gives a nice short-term spot to lean against looking for a move back to \$22.

Confidence Ranking: \$\$