



FEATURED OPTIONS RADAR REPORT



Bull in Sportsman Warehouse Riding Move Higher, Adjusts

Ticker/Price: SPWH (\$15.60)

Analysis:

Sportsman's Warehouse (SPWH) with a buyer of 5,000 January \$17.50/\$25 call spreads bought for \$2.85 as the October \$15 calls adjust seeing further upside. SPWH has been on a strong run since late April with shares nearly tripling and the 21-MA supportive on recent pullbacks and now around \$14. SPWH is putting in a bit of a topping candle today but a re-test of the prior consolidation still has a measured move out to \$20. The \$669.5M company trades 18.7X earnings and 0.70X sales with strong FCF. SPWH sees accelerating topline growth over the next two years with significant pull-forward in demand from COVID-19 which has driven higher sales of both firearms and ammunition. SPWH is the largest pure-play outdoor specialty and recreation store in the Western US with exclusive brands like Rustic Ridge and Lost Creek. They get the majority of their sales (49%) from hunting and shooting products while the remainder of the mix is camping (14%), fishing (11%), and then clothing and footwear. SPWH is benefiting from some major thematic trends emerging due to coronavirus as more people shift to outdoor activities and camping has seen a resurgence in demand, many first time buyers in the space. This morning's retail sales figure confirming the trend as well with a 20.6% jump Y/Y in sporting goods sales in June. SPWH is winning share by expanding their omnichannel ops and now the largest firearm offerings of any retailer peer including Cabela's or Dicks Sporting (DKS). They are also focusing on expanding into new geographies. SPWH is coming off a strong quarter with 28.6% SSS growth and online up more than 200% in Q1. Analysts have an average target for shares of \$12.50 with 6 buy ratings and 2 hold. CSFB raising their outlook on 6-5 noting that they're benefitting from competitors leaving the space as well as some sustainable COVID-19 trends like the heavy shift online. Short interest is 11.4% and down overall since January when it was around 14%. Hedge fund ownership rose 3% in Q1. GreenHouse Funds a buyer of 2M shares while Maverick Capital a new position as well.

Hawk Vision:



Hawk's Perspective: SPWH has nice momentum and in all the right spots for our Outdoor Recreation theme, likely to continue to perform well.

Confidence Ranking: \$\$