



FEATURED OPTIONS RADAR REPORT



Energizer Accumulates Unusual Calls on Potential Turnaround Story

Ticker/Price: ENR (\$47)

Analysis:

Energizer (ENR) with 4500 September \$50 calls accumulating from buyer flow the last two sessions, trading in the \$0.55 to \$1 range over those two days. ENR shares got hit hard on earnings but have based well on the 200 day moving average and starting to emerge out of that base though overall a fairly sloppy weekly chart. The \$3.2B maker of household batteries trades 15.2X Earnings, 10.6X EBITDA, 1.2X Sales and 15.1X FCF with a 2.55% dividend yield and a lot of debt. Forecasts see revenue growth slowing to 1.8% in 2021 though 23% EPS growth seen. ENR is seeking to become the leading household products company in Batteries, Lights, and Auto Care with a focus on maximizing free cash flow. ENR has a leading portfolio of brands such as Arctic Freeze, Rayovac, Varta, STP, EverReady, ArmorAll and more. The Battery industry is estimated at \$6B with lower growth but continued increases in battery powered devices while Auto Care a \$2.9B category growing low single-digits. Analysts have an average target of \$51 on shares with short interest elevated at 7.6% of the float but nearing a two-year low and down 60% from September 2019 levels. Deutsche Bank raised its target to \$55 in late July as a stable deleveraging story with significant earnings growth potential. SunTrust also upped its target to \$55. MSCO upgraded to Overweight in May citing potential in both abtteries and auto-care, the former with improving pricing trends while the latter benefiting from a shift to DIY from mass transit to personal care usage. Hedge Fund ownership rose 2% in Q2 filings.

Hawk Vision:



Hawk's Perspective: ENR has 55 MA resistance overhead but looks like a name that could work higher off this nice base and holds some strategic value with a nice reward/risk versus the \$44 level.

Confidence Ranking: \$\$