



## FEATURED OPTIONS RADAR REPORT



### Vivint Bull Sees Further Upside as Home Improvement Trend Continues

**Ticker/Price:** VVNT \$18.65

#### Analysis:

**Vivint Smart Home (VVNT)** with 1,000 November \$12.50 calls bought today for \$7.30, stock replacement, and most notable trade in the name in some time. VVNT has seen a lot of insider buying recently including the CEO adding \$1.7M in stock between 5/12 and 8/13 at prices from \$12.93 to \$19.36. VVNT shares have been strong recently working out of a multi-week base above the rising 21- and 55-MA with a measured target above \$18.50 out to a high-volume area from March at \$25. The \$3.29B company trades 10X EV/EBITDA, 4.5X sales, and 25X cash. VVNT was formed in early 2020 through a SPAC-deal with Mosaic. The company is a leader in smart home tech and cloud-enabled solutions for the home such as door locks, outdoor and indoor cameras, thermostats, lighting controls, smart speakers and many other connected devices. They have a wide variety of partnerships including a recent deal with garage door manufacturer Chamberlain to bring their tech together for clients. VVNT has seen client growth continue during the pandemic despite headwinds to sales and installs and now sitting at 1.6M customers in North America. They see themselves in a great position over the next 12-24 months as the focus has shifted greatly towards the home and improvements in their environment which will drive demand for their services. VVNT has key advantages over peers keeping costs lower as a vertically integrated entity from hardware, software and installs while their CEO anticipates doing more small deals to consolidate a fragmented space. Analysts have an average target for shares of \$18. JP Morgan adding to their positive catalyst watch on 8-7, a high-conviction growth idea, with a strong outlook in the current environment. They upgraded shares to Buy in June and on 8-13 noting that the company is in the sweet spot right now, "Vivint boasts a "meaningful" leadership position in the professionally installed, smart home/home security market at a time when homeowners are making significant investments in their homes." They expect the brand profile to improve in the coming quarters, which should help drive up sales and investor interest. Short interest is just under 2%. Notable hedge fund investors last quarter include Davidson Kemper and Fortress while Blackstone has a sizable equity stake.

#### Hawk Vision:



**Hawk's Perspective:** VVNT is an interesting name and certainly in a big area of future growth with connected home a key theme for the next 2-3 years and the pandemic likely pulling forward a lot of demand, one to watch

**Confidence Ranking:** \$\$