



FEATURED OPTIONS RADAR REPORT



Zebra Put Sales See Value into Pullback

Ticker/Price: ZBRA \$256

Analysis:

Zebra Tech (ZBRA) with 750 November \$250 puts sold to open this morning down to \$13.10 and name which sees little options flow although did have a buyer of 700 February \$330 calls on 8/27 for more than \$850K that remain in OI. Shares recovered well from the March lows and recent pullback is basing above the 38.2% Fibonacci of that run as well as the 200-MA. A move out of this narrow range above \$260 targets a run back at recent highs and then measured move to \$340. Longer-term, ZBRA is forming the right side of a big weekly cup and handle with over \$120 of upside. The \$13.4B company trades 18.8X earnings, 3X sales, and 17.2X FCF. ZBRA manufactures devices that capture and move data including barcode scanners, RF ID readers, specialty printers and more. They've got exposure to e-commerce, transportation/logistics, energy, warehouse development, and manufacturing and see high-teens EPS growth and revenues growing low-double digits in FY21. ZBRA is coming off a mixed quarter but tailwinds from higher volumes of drive-thru COVID testing, relative strength in their retail verticals like grocery and mass merchant, and increased e-commerce demand, especially around 3PL and courier delivery. They continue to see long-term opportunity in BOPIS, track-and-trace, and increased spending on last-mile fulfillment. Analysts have an average target for shares of \$260 and Wolfe a Street High \$309. Needham positive in July noting that they now expect the economic dropoff to be shorter in duration than his prior expectations, benefiting Zebra's key retail vertical. Short interest is 1.3% and near the 2018 lows. Hedge fund ownership fell 3.5% in Q2. Cedar Rock Capital a top holder with 1.3M shares. ZBRA last saw insiders active in May when a SVP of Global sales bought \$445K in stock at \$148.30.

Hawk Vision:



Hawk's Perspective: ZBRA has been a long-time favorite and think it has a lot of opportunity to expand in the new retail/logistics environment

Confidence Ranking: \$\$