



## FEATURED OPTIONS RADAR REPORT



### Tempur Pedic Bulls See Further Gains

**Ticker/Price:** TPX (\$96.80)

#### Analysis:

**Tempur Sealy (TPX)** strong setup and today seeing 1,000 December \$97.50 calls bought for \$4.20 to \$4.30 as some November calls adjust higher, follows buyers of 1,500 December \$90 calls on 10/29. Shares are breaking out of a narrow multi-week range today and room to \$110 in the near-term but lots of potential with shares clearing the February range. The \$4.55B company trades 12.45X earnings, 1.3X sales, and 20X FCF with double-digit growth. TPX is coming off a strong quarter and pre-announced solid results in September when they also paid back their term loan and terminated a shareholder rights plan. The company is seeing higher volume sales of their high-margin Tempur brand while digital/e-commerce continues to grow well. TPX noted last week they see significant opportunity in 2021 to build on the pandemic-driven success this year as they leverage their omnichannel strategy and expand into new opportunities like becoming a supplier to the OEM market in the US. The latter could drive higher profitability as they create additional synergies from their plants which are back at full production. TPX also sees 2021 as a key time to expand into new ventures like private label and alternative retail partnerships. Analysts have an average target for shares of \$112.50 and a Street High \$135 from Piper last week. Loop Capital positive on 9/15 noting that they continue to see Covid diverting consumer dollars away from vacations and towards making homes more comfortable. Short interest is 2.7% and its lowest in four years. Hedge fund ownership rose 10% in Q2.

#### Hawk Vision:



**Hawk's Perspective:** TPX is an absolute favorite in the home goods space and continues to post impressive results, as does **SNBR**. It remains cheap and firing on all cylinders.

**Confidence Ranking:** \$\$