



FEATURED OPTIONS RADAR REPORT



Vista Outdoor Calls Bought as Stock Consolidates

Ticker/Price: VSTO (\$21)

Analysis:

Vista Outdoor (VSTO) with 1,200 December ITM \$15 calls being bought today for \$6.30 to \$6.60 and name with limited open interest but does have over 1,100 February \$17.50 and \$20 calls in OI from buyers in early September. Shares are trading in a narrow range since August with a weekly flag breakout targeting \$30 and continuation of the strong move from March. The \$1.22B company trades 9.35X earnings, 0.64X sales, and 4.6X FCF. VSTO has been proactively working down debt and will be nearly debt-free by FY22. They're coming off a strong quarter with outdoor activities strong and the surge in firearm demand this year continuing into the Summer (NICS up 67% through November). VSTO has been expanding out their e-commerce channel and now around 20% of their overall revenue while BOPIS also thriving. VSTO faces tough comps in 2021 but they've been building out their portfolio with new products like GPS-speakers from Bushnell, a new drinkware line from Camelbak, and redesigned binoculars and riflescopes to drive repeat traffic and win share in some big categories. VSTO also closed on their deal for Remington in October, an iconic brand that expands their manufacturing capacity in firearms. Analysts have an average target for shares of \$26 with a Street High \$33 from B Riley. The firm out positive on 11/6 as the company will continue to benefit from a demand spike and tight inventory positions within both the outdoor products and shooting sports segments. CL King upgrading to Buy on 11/6 seeing VSTO in the early innings of a "meaningful" margin recovery with outdoor interest skyrocketing. Short interest is 5.9% and up slightly from September when it was around 3.5%. Hedge fund ownership fell 1.65% in Q3, Gates Capital a top holder with 4.4M shares.

Hawk Vision:



Hawk's Perspective: VSTO fits the outdoor recreation theme and offers an attractive valuation with a solid lineup of brands, good looking name for a value/lower growth play.

Confidence Ranking: \$\$