



FEATURED OPTIONS RADAR REPORT



La-Z-Boy Bulls See Strength Continuing into Spring

Ticker/Price: LZB \$40.75

Analysis:

La-Z-Boy (LZB) with 600 April \$35 calls bought for \$7.10 to \$7.60 to open on 12/23 and follows 1,100 April \$40 calls bought for \$3.70 on 12/14 and 1,000 April \$45 calls bought \$2.05 to \$2.25 on 12/22. Shares are nearing a bull flag breakout above \$41/\$42 and measured move to \$47. LZB has traded strong since March and out of a very coiled five-year range. The \$1.89B company trades 13.43X earnings, 1.2X sales, and 7.5X FCF. LZB has seen tailwinds during the pandemic as spending accelerates within the home category and LZB expanding capacity to meet demand. They posted 34% growth in SSS in Q2 and their Joybird deal in 2018 added a strong e-commerce brand which jumped 300% Y/Y. They see a lot of runway for the online channel as it remains just a small percentage of their mix and recent investments in their platform expected to reduce friction in the buying process. LZB sees growth opportunities in 2021 through expanding omni-channel, further M&A, and adding new products. The home-goods category is a \$115B industry and highly fragmented on the furniture-side, so potential to win market share as well. Analysts have an average target for shares for \$43 and Street High \$46 at RJF citing strength in written order growth posted by the roughly 355 La-Z-Boy furniture galleries last quarter. Sidoti positive in June citing cost discipline that has helped margins while the brand is positioned to take share post-crisis. Short interest is 5.5% and up from 3.5% in July. Hedge fund ownership rose modestly in Q3.

Hawk Vision:



Hawk's Perspective: LZB has a nice setup with the recent flows and looks poised for new highs, a niche player in a strong category

Confidence Ranking: \$\$