



FEATURED OPTIONS RADAR REPORT



Bull Spread in Academy Sports Sees New Highs As Outdoor Theme Persists

Ticker/Price: ASO (\$34)

Analysis:

Academy Sports (ASO) buyer of 2375 December \$35/\$45 call spreads for \$2.75 and follows sellers in the June \$30 puts and buyers of the July \$40 calls on 5/5, the latter over 5,000X. ASO has also seen sellers in the October \$35 puts recently. Shares have held up well lately and shallow pullback this week back to the rising 21-day MA and low-end of May value. ASO is back-testing the prior range breakout and a move above \$35 sets up for a run to \$42. The \$3.15B company trades 9.5X earnings, 0.55X sales, and 8.3X cash. ASO is a sporting goods and outdoors retailer in the US with locations across 16 states, especially focused on the South. ASO pre-announced strong Q1 comps in early May of 38.9% as they continue to benefit from strong consumer trends towards outdoor activities. ASO was at the JP Morgan conference in mid-April and noting that they've seen a lot of repeat customer business, especially around hunting and fishing, while swimming pool sales have been off to a hot start in 2021. They've been managing inventory better and big ticket items (kayaks, bicycles, treadmills) are all seeing tailwinds from stimulus checks which they expect to carry over into Q2. Analysts have an average target for shares of \$26.50 with a Street High \$40. Credit Suisse starting at Outperform on 5/18 as stock is valued attractively relative to peers based on its EBITDA growth but there remains some questions around firearm sales going forward. Loop Capital positive in January citing category tailwinds that include more at-home fitness and outdoor activities, high exposure to geographically-attractive areas, and the company's accelerating e-commerce business. Short interest is 14.55%. Hedge fund ownership fell 9% in Q1, Samlyn Capital a buyer of 728K shares of stock and now over 2.87M shares. Park West also with a new stake.

Hawk Vision:



Hawk's Perspective: ASO spreads are a nice risk/reward for a name that held up great and back at an attractive short-term spot with earnings in mid-June, name much like **DKS** yesterday that will likely post blowout numbers

Confidence Ranking: \$\$