



FEATURED OPTIONS RADAR REPORT



Home Improvement Specialty Retailer Sees Large Opening Put Sale

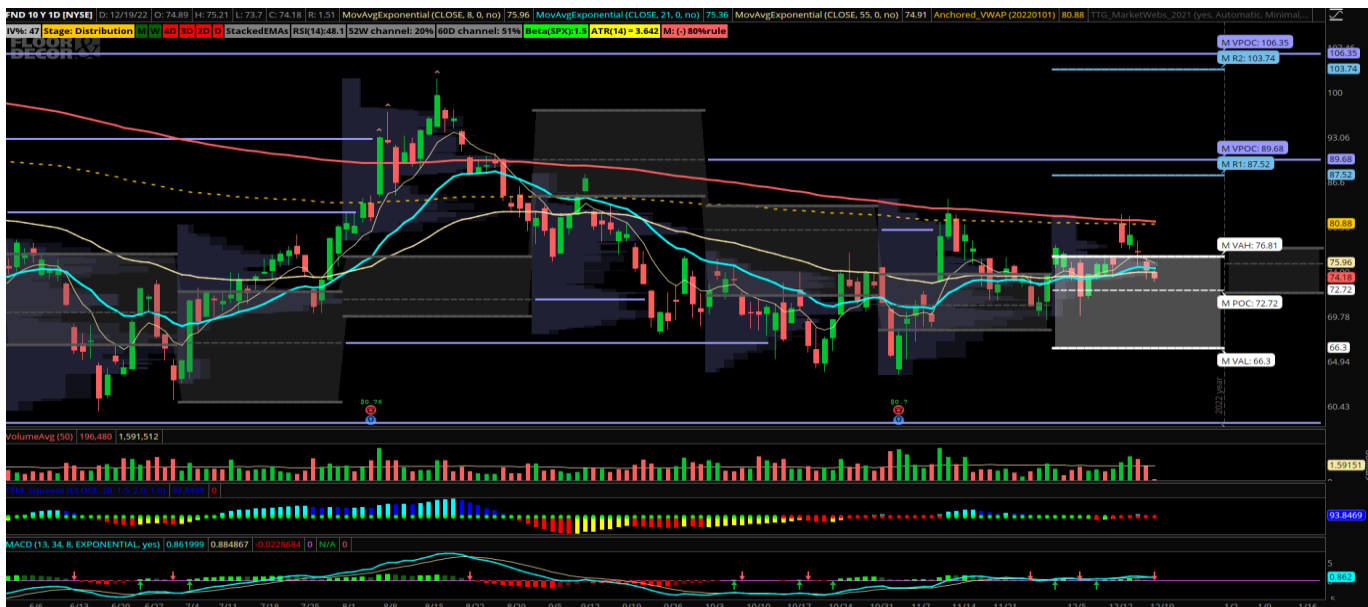
Ticker/Price: FND (\$74.03)

Analysis:

Floor & Decor (FND) on 12/16 saw a large opening put sale for 11,000 January \$70 puts at \$2.36 and over \$3.3M in put premium sold looking for support at the 70 level to hold into January. This follows a 12/9 buyer of April \$80/\$100 call ratios opening 750X1500. Shares have been basing in a wide range between 65 and 80 the past few months and hitting the YTD VWAP resistance multiple times recently at the 81 level. The stock has strong support at 70 which is just below the 2020 yearly VPOC and this year has seen a big volume node develop just above at the 74 level so lots of price memory here as the stock puts in a floor. Weekly MACD has shown bull divergence and now crossing higher. A close back over 81 is needed for momentum higher to the next target of 90. The \$7.8B company trades at 24.4x earnings, 1.7x sales, FCF yield at -1.8% while revenue is expected to grow +25% in FY22 and +15% growth estimated in FY23. FND is a multi-channel specialty retailer and commercial flooring distributor of hard surface flooring and related accessories.

The Company operates approximately 147 warehouse-format stores and two design studios across 33 states. The Company offers an assortment of in-stock hard-surface flooring, which includes tile, wood, laminate, vinyl, and natural stone along with decorative and installation accessories. Average analyst target is \$89. Bernstein initiated this month with an Outperform and \$112 price target citing Long-term fundamentals remain sound, and both the grocery and home improvement subsectors are surprisingly well-insulated from e-commerce encroachment. The analyst believes COVID impacts have enhanced the long-term outlook for the group. Recent share pullbacks, and the general macro uncertainty, have created some potentially compelling entry points. With turbulence comes opportunity. Citi raised its target to \$90 and keeps a Buy rating last month saying that retailers with pricing power, needs-based categories, and control of their margin destiny are best positioned. Baird lowered their target to \$90 from \$95 and still has a Outperform rating. Short interest is at 10.2%. Hedge fund ownership fell 4.8% last quarter.

Hawk Vision:



Hawk's Perspective: FND is a choppy chart and needs to get above 81 for a breakout of this range but if bullish then Jan or Feb put sales likely a good strategy against that 70 level of support.

Confidence Ranking: \$\$