



FEATURED OPTIONS RADAR REPORT



Bullish Put Sales See Value in Smart Home Leader with Brighter Days Ahead

Ticker/Price: IRBT (\$66.75)

iRobot (IRBT) this week with 1250 June \$65 puts sold to open which follows 1000 of the June \$70 puts sold to open back on 10/27 and some recent buys in February \$80 and March \$70 puts that were tied to long stock. IRBT also still has an interesting trade in January 2023 open interest from 5-4-21 when 3000 January 2023 \$80/\$150 call spreads were bought for \$19.35 and the \$100/\$70 put spread was sold for \$14.60. IRBT also has 4000 December \$75 short puts in open interest that are underwater. IRBT rallied in early November up to its 200-day moving average and has since faded sharply before putting in a potential reversal hammer on 12/15. iRobot is a leading global consumer robot company that designs and builds floor cleaning robots. IRBT held an Analyst Day last week and discussed its \$20B TAM that it is growing by \$10B with its push into air purification and really intends to keep building out within the larger \$200B Smart Home market. IRBT sees headwinds from shipping and tariffs in 2022 but sees gross margins starting to expand in 2023 and outlined a 16-18% revenue CAGR. IRBT currently has a market cap of \$1.88B and trades 21.3X Earnings, 10X FY22 EBITDA and 7.6X Cash with no debt. IRBT comps on EPS start to ease in Q2 2022 and sees hitting \$5.50+ EPS in 2023 topping its record high from 2020 of \$4.14 and at the Analyst Day guided FY24 EPS to \$7.50 to \$9.25. Analysts have an average target of \$90 and short interest is very high at 26% of the float. In November IRBT teamed with Amazon (AMZN) on voice-enable intelligence robots and I would also consider IRBT a potential M&A target for a company like Amazon building out its smart-home offerings. IRBT also unveiled its Genius 3.0 software in September for home intelligence which greatly expands its robots efficacy and functionality.

Hawk Vision:



Hawk's Perspective: IRBT is clearly in an ugly trend and highly shorted but if it gets anywhere near those FY24 targets the stock is wildly cheap at these levels. It faces continued headwinds into 2022 but could start to work nicely in 2H22 and also see it as a high potential to be a M&A target.

Confidence Ranking: \$\$