



## Inside Today's Blitz

- Biden to Unveil Infrastructure Plan as Concerns Over Tax Hikes Mount
- France Considering National Lockdown Due to COVID Spike
- PFE says vaccine is 100% effective in 12-to-15 year olds; CLF raises outlook; CS rating cut by S&P to negative; Hitachi to buy Global Logic in \$9.6B software deal

## Market Outlook

Futures are indicating a flat open for the day with the **Dow** down 12 bps, the **S&P** up 8 bps, and the **Nasdaq** up 58 bps. The **Russell** is up 13 bps. Energy is down slightly with **WTI** off by 25 bps. **Natural gas** is up 55 bps. **Gold** and **silver** are flat. **Platinum** is up 2% while **Palladium** also rallies. The **dollar** is down 10 bps. **Bonds** are up 6 bps. The **10-year yield** is flat at 1.726%. **VIX** is 21.05. **Bitcoin** is down 1.8%. It has been a very quiet night for news and the futures are showing it. The big focus today will be President Biden's infrastructure speech which will be just after the close (~4:15pm). There's not a lot that isn't already known about the plan, so not sure how big of an impact it may have on stocks. Details about the size and scope were reported yesterday and much of the attention is on how to pay for it with corporate tax hikes.

The deal should be around \$2.25T over eight years. Elsewhere, China PMIs were strong this morning. France is considering further restrictions including a national lockdown after a massive spike in COVID cases. ECB President Lagarde said that investors can test them all they want but policy makers won't shy away from using all their powers to stop bond yields from moving higher.

Asian markets are mostly lower today with the Hang Seng off by 70 bps, Shanghai off by 43 bps, and the Nikkei off by 86 bps. In Europe, the major indices are flat, overall. The CAC was down 10 bps and FTSE is off by 30 bps. We're seeing outperformance in industrials and tech while materials, financials, and energy are lagging. **Deliveroo** is down 22% today after opening for trading in London. **Credit Suisse** is down 3% as worries about Archegos continue to mount. Retailer **H&M** is down 2% after posting a loss and saying it would not propose a dividend at their upcoming meeting. **Fuller and Smith** is down 4% after the owner of premium bars and hotels said they expect a weak year. **Capgemini** is up 1.5% after the IT services firm raised their targets. **Stratec**, a maker of automated analyzer systems, was up 3% after beating on earnings.

## Calendar

**Today... Earnings After the Close:** MU, MARK, PLAY, SPWH, FUV, GES, NCNO, NG, VRNT, ARCE, RMTI, CSSE, VTRU, AESE; **Analyst Days/Roadshows:** Capgemini, WU, COUP, MEG; **Business Update:** KR; **Other:** Biden's Infrastructure Speech

**Tomorrow...** ISM Manufacturing PMI, Markit Manufacturing PMI, Construction Spending, Wards Vehicle Sales, Fed's Harker speaks; **Earnings Before the Open:** KMX, CWCO; **Earnings After the Close:** FC; **Roadshows:** GBT

## Overnight Markets

Copper	4.005	0.68%
Natural Gas	2.634	0.42%
Gold	1687.6	0.09%
Bonds	155.16	0.08%
US Dollar	93.24	-0.09%
Silver	24.09	-0.20%
Oil (WTI)	60.33	-0.36%

## Technical View



### Key Levels to Watch

Very little happening with the S&P futures overnight as we coil around in an 8-10 point range around week-to-date VWAP. Our overnight low was around 3942.5 and never came real close to the Tuesday session lows of 3933.50. Our high is around 3957.5. There's a downtrend break possible above 3952.5 going back to Monday that could send us back to a high-volume node around 3962.5.

## Economic Data

- **China** manufacturing PMI was 51.9 vs 51.2 est.
- **China** non-manufacturing PMI was 56.3 vs 52 est.
- **South Korea** industrial production was 4.3% vs 1.1% est.
- **Japan** industrial production was -2.1% vs -1.3% est.
- **German** unemployment fell in March by 8,000 vs -3,000 est.
- **Eurozone** CPI was 0.9% vs 1% est.

## Macro News

- **China** is looking to import more iron ore from Africa as it looks to reduce reliance on Australia, per Nikkei
- **New Zealand's** central bank is easing restrictions on bank dividends as the economy rebounds, per Reuters
- **OPEC+** has revised lower its 2021 oil demand forecast, per Bloomberg
- A group of moderate Democrats said they would vote against Biden's **infrastructure bill** unless it included a repeal of the **SALT deduction** limit, per Bloomberg

### Movers

**Gainers: HYFM 10%, CHWY 9.5%, CLF 8%, PVH 4%**

**Losers: MILE -15.5%, RMO -13.5%, BB -5%**

### Insider Buying

CASI, AIV, VZIO, PFSI, VRCA

### IPO Calendar

**Compass (COMP)** issuing 36M shares at \$23-\$26

**Coursera (COUR)** issuing 15.7M shares at \$30-\$33

**Leonardo (DRS)** issuing 31.9M shares at \$20-\$22

**Kaltura (KLTR)** issuing 23.5M shares at \$14-\$16

**Frontier Air (ULCC)** issuing 30M shares at \$19-\$20

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## Sentiment

- **SPAC excitement is fading**, per WSJ. They note that it has become more common in the last month for names to dip below their debut pricing and stall out rather than the frenzied speculation we saw in December.

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## Stock-Specific News

### Consumer

- The WSJ looks at **cable news viewership** after Trump's exit from the White House and finds ratings have sunk. They note **FOX** prime time is down 32% while **CMCSA** audiences are down 16%.
- **Macy's (M)** is seeing a boost to sales and traffic due to the vaccine rollout and stimulus, says CNBC
- **The NFL** voted to add one more game to their regular season, per WSJ, a boost to networks, casinos and advertisers
- **Hyatt (H)** plans to boost their footprint in India by 70% by 2023
- **Deliveroo** sank 20% in London after its debut, per Reuters
- **H&M** is scaling back some of their negative comments about Xinjiang after backlash, per Reuters
- **Movie theaters** in LA will move to 50% capacity on Wednesday

### Financials

- **Credit Suisse (CS)** will likely suspend all capital return plans amid the fallout from the Archegos trades, per Reuters, as they're negative exposure is like > \$4B
- **CS** outlook has been cut to negative at S&P after the Archegos blow up
- **MasterCard (MA)**, rivals 'ran cartel' on cards for the vulnerable, a UK watchdog is claiming, per Reuters. The complaint centers on pre-paid cards in the UK
- **Visa (V), PayPal (PYPL)** are introducing stealthy ways to make digital coins part of everyday transactions, says WSJ, and they represent crypto's most promising path to mainstream acceptance

#### Sympathy Movers

**DKNG, MGM, PENN, FOXA, CMCSA, DIS** all long-term beneficiaries of adding another game (and week) of revenue through the NFL season

#### Hawk Database

**MA** would be a nice dip buy on any weakness on this story and recent buyers in the July \$365 calls in size

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- **Lloyd's (LYG)** warns of large loss due to the Suez Canal blockage, per Reuters, potentially \$100M or more from liability claims
- **BSIG** to sell 60% stake in **Landmark Partners** to **ARES** for \$690M; ARES will also buy 40% of Landmark from management for \$390M
- **FISV** to acquire **Pineapple Payments**, an ecommerce-focused payment processing company
- Switzerland's **Julius Baer** has been cleared to again make large acquisitions by the country's financial regulators, per Reuters
- **China** may create a new **stock exchange** focused on attracting foreign-listed firms, per Reuters
- **XP** in talks to buy minority stake in asset manager **AZ Quest Investments**, per Bloomberg

### Chart Watch

**FISV** strong chart with shares back at a big breakout level from February at \$120 and putting in a hammer reversal yesterday

## Healthcare

- **ILMN** will oppose the FTC's challenge of their \$7B deal for Grail
- **AMGN** to acquire Rodeo Therapeutics for \$55M upfront and \$666M in milestones, a developer of small-molecule therapies designed to promote regeneration and repair of multiple tissues
- **PFE, BNTX** expects their vaccine rollout to continue in Hong Kong next week, says SCMP
- **PFE** says their COVID vaccine was 100% protective in 12-to-15 year olds and will ask FDA to authorize use in coming weeks
- **EXEL** announces Ipsen approval from EC for Cabometyx, Opdivo combination
- **Bayer** is looking to sell their **pest control unit** this Summer, per Reuters, and could fetch more than €2B

## Energy & Materials

- **CLF** sees Q1 EBITDA about \$500M vs \$388M; Q2 of \$1.2B vs \$1.03B and FY of \$3.5B vs \$2.8B
- **China** is considering **steel tax changes** that would encourage domestic use and slow imports from other countries, per Bloomberg
- The WSJ looks at **corrugated box demand** and notes that it has never been higher, adding to some supply chain woes for clients. Box pricing is like to rise further they note citing **WRK, IP, PKG** and others

### Chart Watch

**CLF** one of the nicer looking charts out there in a multi-week consolidation and above \$18-\$19 has room to run to \$23-\$24 over the longer-term

## Industrials

- **Geely** is considering reviving plans for an IPO of its **Volvo** cars unit, says Bloomberg, and could seek a valuation around \$20B
- **TM, Nissan** are planning production cuts given the increased time off from Renesas due to the recent fire, per Nikkei

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- **BMW** is guiding FY deliveries up 10% Y/Y, confident they will avoid plant shutdowns due to the chip shortage
- Italy's **Pirelli** is forecasting EBITDA margins of 17% in 2021 and up to 20% by 2025, per Bloomberg, as they shift towards high-end tires
- **INSW, DSSI** to merge in stock-for-stock deal
- **ZTO** raises buyback plan by \$1B

## Tech/Telecom

- **Hitachi** will buy US-based software firm **GlobalLogic** for \$9.6B, says Bloomberg. The company is a leader in Digital Product Engineering
- **Google (GOOGL)** could come under fire for data collection as Android collects more than 20X more data than iOS, says 9to5Mac
- **INTC** could face more competition from ARM who unveiled a new chip architecture last night, per Bloomberg
- **SNAP** is working on building out new hardware including augmented reality glasses, per Reuters
- Mobile-advertising platform **InMobi PTE** is planning a US IPO by year-end and could be valued around \$15B, says Bloomberg
- **CapGemini** raised their medium-term targets, per Reuters
- **Huawei** revenue grew overall in 2020 due to China outperformance, says Nikkei, despite a 25% cut in the US
- Canadian regulators are concerned about competition in the wake of **RCI's** bid for **SJR**, per Bloomberg
- **JD** enters agreements to spin off **JD Cloud & AI** businesses to **JD Digits**
- **The White House** will let a Trump-era ban on certain visas for temporary workers expire, per Bloomberg, a victory for tech industry

### Sympathy Movers

The visa move is a win for **INFY, CTSH** who both saw around 50% of their H1B visas denied last year under the ban

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## Analyst Notes

### Upgrades

- **AAPL** raised to Buy at UBS, firm expects iPhone demand in fiscal 2021 and 2022 to be relatively stable in-line with historic demand trends following an analysis of procurement, upgrade rates and customer retention, specifically outside of China. Further, Apple's multi-year investment in the auto industry suggests optionality worth at least \$14/share
- **SQ** raised to Outperform at KBW, is a long-term winner within an underserved market with its two large and successful ecosystems of Seller and Cash App. Further, its incremental investments/initiatives such as Tidal, Credit Karma Tax division, and Square Financial Services can help increase engagement and drive incremental growth

### Chart Watch

**AAPL** has been working on its 200-day MA base for a few weeks, ultimately above \$126 would confirm the base breakout, but above \$122.5 also a key

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- **FGEN** raised to Buy at BAML on roxa adcom; current levels reflect negligible US/EU CKD contribution. We see low risk in DD (80% POS) given positive incident dialysis and competitor DD data, while NDD more uncertain (55% POS) However, we estimate approx. 20% upside to current price even with no NDD sales in US/EU, DD mitigates downside.
- **HES** raised to Buy at Mizuho, sees a higher sustaining free cash flow yield and likely higher capacity for cash return as projects come online and balance sheets normalize
- **HOG** raised to Outperform at Baird, the analyst said his survey suggests the potential for retail to turn positive in 2021 for the first time since 2014 and he likes strategic direction led by a proven leader
- **OZON** raised to Buy at Renaissance
- **CARR** raised to Outperform at RBC
- **TEF** raised to Buy at BAML
- **HBM** raised to Outperform at RBC
- **ILMN** raised to Buy at Canaccord
- **VEEV** raised to Neutral from Sell at UBS
- **BHF** raised to Neutral from Sell at Citi

### Hawk Database

**HOG** recently with May \$38/\$43 call spreads 5500X and April 30<sup>th</sup> (W) \$36 calls bought 5000X. A nice weekly consolidation pattern can run above \$37.60.

## Downgrades

- **BP** cut to Underweight at MSCO, the analyst struggles to see the same compelling free cash flow outlook that he can forecast for other majors, adding that the company's balance sheet is the most geared within this peer group
- **BHP** cut to Neutral at UBS
- **ILMN** cut to Neutral at Atlantic
- **JCI** cut to Perform at RBC
- **SNDR, LSTR, USX** cut to Equal Weight at Stephens

## Initiations

- **AMAT, LRCX** started Outperform at Bernstein, the analyst is positive on wafer fab equipment growth over the next several years. He believes overall WFE spend is set to inflect materially higher in 2021 to \$75B, up 19% year-over-year, and reach \$87B by 2023, driving semicap revenues higher and supporting the stocks even after the recent run.
- **PLBY** started Buy at Canaccord, the analyst believes it is one of the most recognized yet undervalued brands in the world that has transitioned to consumer products, mainly via licensing agreements. It has also started to grow its direct-to-consumer e-commerce business which he believes will drive a majority of its growth going forward

### Hawk Database

**AMAT** one of the strongest charts out there and a lot of bullish open interest in April and May positioned for its 4-6 Analyst Day

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- **ZM** started Sell at Daiwa, as COVID-19 begins to fade, Zoom may not be able to materially counter many of the negative external factors that may dampen demand that was previously stimulated by the pandemic
- **EXEL, EPZM, ZYME, AFMD** started Outperform at CSFB
- **AMH, CPT, SUI, INVH, ESS** started Outperform at RBC
- **PSFE** started Buy at Compass Point
- **OSPN** started Buy at DA Davidson
- **LAC** started Buy at B Riley
- **CCCC, ARVN** started Outperform at BMO
- **LPSN** started Buy at Citi
- **IEX, XYL** started Overweight at MSCO
- **BMI** started Underweight at MSCO
- **CLVT** started Buy at Jefferies

## Other Notes

- **EFX** has near-term downside risks from challenged mortgage originations, says Goldman. The analyst expects U.S. mortgage origination volumes to contract sharply in the second half of 2021 and remain in double-digit decline through 2023 due to a moderation in mortgage refinancing volumes in a rising interest rate environment
- **ILMN** worth buying on the dip, says Piper, while disappointing given the Pacific Biosciences deal rejection one year ago, he continues to believe Illumina is well positioned as the next generation sequencing leader
- **HIG, LNC** targets raised to \$67 at Citi



## Trade Ideas

**Criteo (CRTO)** hitting the 'ready to run' scan today with shares looking to emerge out of a narrow multi-week range above \$34.70. MACD is near a bull crossover and setup for a long squeeze as well with plenty of room to run. A move higher targets \$43.50. CRTO reportedly attracted M&A interest earlier this year and bullish open interest in the May \$40 calls and July \$37.50 calls recently. JPM upgraded to Outperform last week as its retargeting business can stabilize and potentially return to growth with share gains in 2022, while its New Solutions business is now scaled



### Technical Scans

**10-Week MA Base:** CPRI, AMKR, DAR, DECK, EMN, GOOG, XLRN, GNTX, ROST, CZR

**Inside Days:** CMCSA, ZTO, TER, FND, DECK, CB, CHGG, ABNB, TEAM, NFLX, RKT, LIN, AMZN

**Ready to Run:** BJRI, VICI, INMD, IART, RL, GNRC, DAL, CRTO, NYT, WBT, MGM, ZBRA, VFC, BG, STX, COO, EW

**Bull Reversal:** NFE, TSLA, Z, NVTA, TWST, ARWR, SPOT, DKNG, DDOG, TTD, WDAY, FVRR, TWLO

### Small-Cap Options Flow

**Carpenter Tech (CRS)** small-cap that drew unusual call buying on 3/30 with more than 1,325 June \$45 calls bought up to \$3.30, running 55X average. CRS doesn't have any other notable open interest. Shares have been in a strong trend and pulling back to the 50-day MA which has held up well. CRS also held the February breakout and move back to new highs targets \$55-\$60. The \$1.76B company trades 1X sales and 6.5X cash with a 2% yield. They are guiding to 17% revenue growth in FY22. CRS manufactures and fabricates specialty metals in two different businesses: specialty alloys and performance engineered products. They are a critical partner to OEMs and first-tier suppliers to the aerospace, transportation, industrial and energy markets. They also have exposure to additive manufacturing. Their biggest market is aerospace with 54% of all sales while industrial is 17%, both big buyers of advanced alloy-based solutions and materials like titanium, nickel, and cobalt. Their content within engines is growing and area where most of their materials go into as they can withstand higher temperatures and pressure than traditional metals. CRS is benefitting from higher demand from advanced material use in EVs as well as the content-level of soft magnetic content is rising. Med-tech is a big opportunity with specialty metals like titanium and cobalt being used in everything from cardiology equipment, orthopedics, surgical instruments, and other diagnostics tools. They noted in February:



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*“States are beginning to lift restrictions on elective surgeries, spurring a restocking actions that will continue over the coming quarters at both end-user OEM customers as well as distributors supporting the medical device market. These restocking efforts have more impact on elective surgery applications such as orthopedic and dental as opposed to the more nonelective cardiology segment, which has been more resilient.”*

Hedge fund ownership fell 3% in Q4. Insiders were very active in 2020. Analysts have an average target for shares of \$30 but limited coverage.

## Extras

**Nike (NKE)** with 3000 May \$135 calls opening late with June \$140 adjusting

**Schlumberger (SLB)** with 10,000 August \$35 calls bought into the close \$0.95 to \$1

**Fed-Ex (FDX)** with 2000 June \$300 calls bought \$10.17 into the close as the \$280 calls adjusted up

**Freeport (FCX)** with 10,000 August \$40 calls bought \$1.80 as May \$40 adjusted

**Palo Alto (PANW)** opening sale 300 January 2023 \$300 puts \$48.25

## Open Interest Checks

		OI Checks		
Ticker	Contract	Prior OI	New OI	OI Change
BIDU	September \$210 Calls	284	5,980	2005.63%
RLX	July \$10 Calls	2,012	4,522	124.75%
FDX	June \$300 Calls	1,851	3,900	110.70%
ABNB	July \$150 Puts	1,308	2,483	89.83%
SPOT	May \$210 Short Puts	2,358	4,366	85.16%
BIIB	June \$375 Calls	1,548	2,842	83.59%
JD	September \$80 Calls	6,344	11,461	80.66%
GM	September \$50 Calls	6,752	11,727	73.68%
GM	May \$65 Calls	5,279	8,507	61.15%
ONEM	January \$40 Calls	1,064	1,400	31.58%
QURE	January \$50 Calls	9,409	12,147	29.10%
PTON	January \$105 Calls	1,939	2,434	25.53%
ATVI	May \$95 Calls	21,573	26,884	24.62%
OPEN	June \$20 Puts	5,634	5,637	0.05%
SKT	June \$17 Puts	19,737	19,737	0.00%

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## What They're Saying

**Ambarella (AMBA)** at BAML Automotive Summit on its differentiation... “Well, we're differentiated, one is we have a critical mass of the scarce video processing engineers. And there's a short supply of them. We've got critical mass. We have reputation. Our team is growing. The second differentiating characteristic is by our approach to designing a computer vision chip. We take a thoughtful approach, we call algorithm first, which means before we start laying out transistors for the tip, we understand the software staff, the computer vision software stack we're going to implement and then we design the silicon architecture. And that's in contrast to the way many of our competitors have entered this market. Our portfolio of computer vision chips, most recently announced products are both ends of the spectrum, CD28 for very high volume, CD5 very high performance, multiple cameras supported for chip. And in terms of markets that we're serving, we've spoken about 3 ways of visual AI revenue. The first wave would occur in the enterprise-class and public infrastructure, cameras, and we began to see material revenue in calendar year '20 from those markets. The second way we said we expected to see material revenue in calendar year '21 from the home security camera market, and we're still confident that's going to play out this year. And then the third wave we've been talking about has been in the automotive market. We said previously we expected TV revenue in auto to become material in calendar year '22 or calendar year '23. However, we're already providing significant evidence that, that third wave is well underway. For example, by the end of April, we said in our last earnings call that we expect to have shipped more than 300,000 computer vision SoC units by the end of April, with most of those units having shipped in the last year.”

**Lululemon (LULU)** on its International expansion... “I would now like to shift to our business outside of North America. In 2020, our international revenues grew 31%, and we remain on track to quadruple the business from 2018 levels in 2023. At only 14% penetration, we are in the very early days of our journey outside of North America. The growth is incredibly strong and we are showing how well our brand translates across cultures and geographies. Our key 2021 strategies include organizing into 3 regions, led by our new EVP of International, Andre Maestrini. The regions, EMEA, Asia Pacific and China, each have respected regional leaders with clear accountability and responsibility for driving distinct growth plans. In EMEA, this includes building upon the strong online growth in 2020 as well as leaning into key markets such as Germany and the United Kingdom. In Asia Pacific, the opportunities include growing in critical markets such as Korea and Japan and in our long-established market of Australia and New Zealand. And in China, we will open our largest number of new stores this year, with the goal of adding 15 to 20 stores across both Tier 1 and Tier 2 cities in the mainland. The health and wellness trend is growing in this market, yet remains nascent. So there are considerable opportunities ahead for us.”

**Chewy (CHWY)** on upside margin prospects... “We've nearly doubled our total SKU count in the last 3 years, including executing a sevenfold increase in higher-margin proprietary branded SKUs. So when you look at sort of margin growth from here on out, we believe we're still sort of in early innings of what remains, really focused road map on how we plan to execute our playbook and grow margins from here on out. Less than 1/3 or approximately 1/3 of our total customer base is today buying a proprietary-branded product, which leaves an opportunity for 2/3 of roughly 20 million customers to be exposed to higher-margin proprietary brands. When you look at health care being a newer vertical, that number is far lesser than the 1/3 that I mentioned, providing us even more headroom to grow. So as we sort of continue to play out our playbook on putting more focus on innovation around products and services and the complementarity between them. You should expect us to drive incremental gradual profit from here on out. That's how we think about that.”

**908 Devices (MASS)** earnings call notes... “We estimate that the total addressable market for our products today is approximately \$5 billion across forensics, research and bioprocessing, reaching customers in pharma, biotech and government academia. Our first established market is in forensics. It's sizable and rapidly growing, and our technology is now becoming an enabler for bioprocessing, where we enable the monitoring control of a sales environment, which

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is so critical to keeping them alive and happy. In all our use cases, we're really transforming the time to action, meaning we're working to get an answer faster to the person that has the question when and where they need it. Over the next 5 years, we see this opportunity growing to \$22 billion for our handhelds and desktops as we extend into QA/QC and expand our desktop capabilities in research and bioprocess with the emergence of cell therapies. Turning to customer traction. In 2020, we made strong inroads with our handheld products, and we generated some exciting momentum with our desktops. As we continue to drive adoption of our devices, we see 2 key tailwinds driving growth in our addressable markets. First, the opioid crisis is, unfortunately, worsening. New synthetic opioids have emerged that are thousands of times more potent than morphine and hundreds of times more potent than fentanyl, further stressing our communities, frontline workers and first responders. The CDC estimates that the U.S. suffered an almost 17% increase in drug-related deaths from May 2019 to May 2020, in part accelerated by the pandemic. The second tailwind we see is the shifting biologic therapeutic pipeline from traditional mAbs to more complex therapeutic modalities, including bi-, tri-, multispecifics or cell or gene therapies. This is driving an increase in needed characterization capabilities and an increase in the number of tests as global bioprocessing capacity expands to accommodate."

**Ozon (OZON)** on new verticals... "Although Ozon Marketplace is the main traffic generator, we can offer our buyers and sellers a number of complementary online services, which enhance customer experience. These services create additional monetization opportunities for Ozon and bring more customers and business partners to the platform. Let me highlight our initiative in financial services. In this past year, we expanded and diversified the portfolio of financial services that we offer. We developed both payments and lending solutions within B2B and B2C streams. The idea is to deliver smooth and frictionless experience to our buyers and sellers when using Ozon payments and lending solutions. This encourages loyalty and engagement of our buyers and sellers. In our B2C domain, we are testing buy now, pay later solution at Ozon. Our lending solution is aimed at making higher-value purchases more affordable for our buyers. B2C Ozon payment solution increases customer retention. We see 60% higher order frequency amongst Ozon cardholders. This means greater customer lifetime value and faster payback period for these buyers. As of the end of 2020, customers activated over 450,000 cards. Adoption of Ozon card has been accelerated materially by the launch of the virtual card in Q4 2020. Now online grocery adoption was accelerated by COVID globally. In Russia, penetration of e-commerce is less than 1% in the grocery retail market. Thus, online grocery market represents an immense opportunity for Ozon. Online grocery is also an important driver of higher frequency and traffic generation for a platform such as ours. It also increases number of touch points with the customer, which helps promote brand recognition. And due to our large existing customer base, the customer acquisition for online grocery products within our platform is easier and very cost-efficient."

## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BB	BlackBerry	\$0.03	\$0.03	\$210.00	\$247.87	-25.50%	
CHWY	Chewy	\$0.05	-\$0.10	\$2,040.00	\$1,950.00	50.80%	Q1 Above
LULU	lululemon athletica	\$2.58	\$2.49	\$1,729.55	\$1,660.80	23.80%	Q1 Above
PHR	Phreesia	-\$0.18	-\$0.16	\$41.81	\$39.63	27.40%	
PVH	PVH	-\$0.38	-\$0.35	\$2,090.00	\$2,120.00	-20%	Q1 Below

**Earnings Before the Open**

<b>Ticker</b>	<b>Stock</b>	<b>EPS Actual</b>	<b>EPS Est.</b>	<b>Revs Actual</b>	<b>Revs Est.</b>	<b>Y/Y Change</b>	<b>Notes</b>
CONN	Conn's	\$0.91	\$0.24	\$367.80	\$373.10	-10.90%	
WBA	Walgreens	\$1.40	\$1.12	\$32,779.00	\$36,158.60	-8.50%	

**CHWY** – Beat on EPS and Revs - "2020 was an incredibly challenging and unpredictable year for all of us. During this time, Chewy performed exceptionally well and made significant strategic and operational progress. Specifically, we grew net sales by 47% year over year, increased our customer base by 43% year over year, delivered our first full year of positive adjusted EBITDA, and generated the company's first quarter of positive net income in the fourth quarter of 2020. Years of preparation and focus have positioned us as the Internet's preeminent neighborhood pet store and a leading pure-play e-commerce company in the pet space. We look forward to a future marked by ongoing innovation and to winning customers' hearts and minds as we grow to become the most trusted and convenient online destination for pet parents (and partners) everywhere," said Sumit Singh, CEO of Chewy

**LULU** – Beat on EPS and Revs - Q4 Total comparable sales increased 21%, or increased 20% on a constant dollar basis. Direct to consumer net revenue increased 94%, or increased 92% on a constant dollar basis. Calvin McDonald, Chief Executive Officer, stated: "I'm proud of how we navigated this past year and delivered for our employees, guests and shareholders. Our continued growth demonstrates the strength of lululemon -- before, during and as the pandemic subsides. We are still in the early innings of our growth, fueled by exciting innovations that create even more opportunity into the future. All of us on the leadership team have so much gratitude for our teams and their agility during these unprecedented times."

**PVH** – Missed on EPS and Revs, Warned on Q1 - The Company expects its 2021 revenue and earnings will continue to be impacted negatively by the pandemic, particularly in the first quarter due to ongoing store closures, predominantly in Europe. Despite these store closures in Europe, the Company expects its international businesses to exceed 2019 pre-pandemic revenue levels in the first half of the year. The North America businesses are expected to remain challenged throughout 2021, as international tourism, which is the source of a significant portion of regional revenue, is not expected to return to any significant level until the end of the year. In addition, both the Company's GAAP and non-GAAP outlook reflect approximately \$20 million of estimated operating losses associated with the wind down of the Heritage Brands Retail business in the first half of the year. The company continues to tightly manage its inventory and expects gross margin to improve in 2021 compared to 2020, due in large part to a reduction in promotional selling as inventory levels are significantly lower at the end of 2020. The company also took actions beginning in 2020 that will continue into 2021 to manage its cost structure proactively, including reducing operating expenses and reallocating resources to support strategic growth areas of the business. As part of these actions, in 2021, the company will reduce its workforce in certain international markets and reduce its real estate footprint, including reductions in office space and select store closures. These actions are in addition to the previously announced actions taken by the company to streamline its North American operations to better align its business with the evolving retail landscape, including a reduction in its North America office workforce by approximately 12% and the exit from its 162 store Heritage Brands Retail business by mid-2021.

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## Disclosures

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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