



FEATURED OPTIONS RADAR REPORT



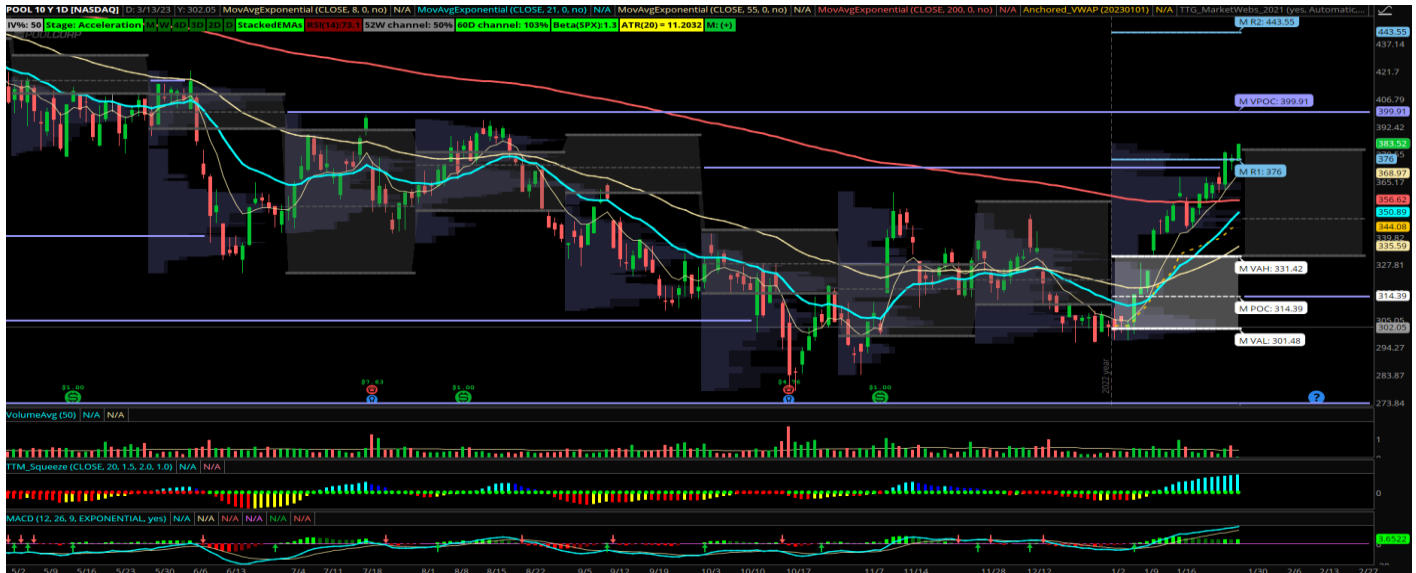
Distributor of Leisure and Landscape Products Sees Put Buyer

Ticker/Price: POOL (\$383.50)

Analysis:

Pool Corp (POOL) on 1/30 saw a large, unusual buyer of 7000 April \$300 puts for \$6.00 and over \$4.6M in put premium bought. The stock also has 1000 February \$300/\$250 puts spreads in open interest from buyers earlier this month for \$4.60. POOL reports on 2/16 but these buys seem to be positioning for springtime and continued weaker demand. These put buyers could also be playing a potential earnings warning coming. A higher valuation consumer discretionary name that sees headwinds when interest rates rise. Shares have been strong with the market and defying odds back above the 200 EMA now hitting 380 this week. The stock has a large VPOC magnet up at 400 that might get tested first and on the downside first support is the rising 8 EMA near 370 and 21 EMA at 350 a key line in sand for momentum. POOL is up 25% YTD thus far in 2023 so a name that could see some profit taking if February weakness creeps into the market. The \$14.7B company trades at 22.1x earnings, 2.7x sales, with FCF yield at 4.7% while revenue is expected to grow +18% in FY22 and decline of -3% growth estimated for FY23. Pool Corporation is a distributor of swimming pool supplies, equipment and related leisure products. The Company is a distributor of irrigation and landscape products in the United States. Average analyst target is \$360. Keybanc was out cautious last week saying 4Q22 Pool Equipment channel checks and meetings at the 2023 Pool & Spa Show depicted prudently cautious tones around the outlook for 2023 (albeit many noting sustained demand resiliency with pockets of slowing) as de-stocking nears completion. While we appreciate the likelihood of further slowing demand trends as consumer spending cracks continue to grow, we feel incremental risks are well-understood and embedded in current valuations. They have an Overweight rating and boost target to \$387 from \$345. BAML initiated coverage last month with a Underperform rating and \$291 price target citing weaker pool demand and near-term margin headwinds. Short interest is at 9.9%. Hedge fund ownership rose 7.2% last quarter.

Hawk Vision:



Hawk's Perspective: POOL is a name that is acting better than you would expect similar to homebuilders but if the market enters a new down leg then definitely a name that can get hit. Best to wait for a close under 8 EMA first on short side.

Confidence Ranking: \$\$