



FEATURED OPTIONS RADAR REPORT



Call Buyers Position for Upside Earnings Breakout in Footwear Co.

Ticker/Price: SKX (\$49)

Analysis:

Skechers (SKX) traded 5X daily call volume on 7/13 as 3000 August \$50 calls were bought to open \$2.75 to \$2.85 and follows recent opening sales of 3500 October \$42 puts, a buyer of 1000 August \$50 calls on 6/30, and the August \$55 OTM with over 7000 in open interest from buyers on 6/25 and 6/28. SKX also has 1700 July \$45 calls in OI from 3/29 set to exercise or adjust this week. SKX is expected to report results next week and shares have closed higher 3 of its last 5 reports including a 16.6% close higher last quarter with strong growth in international markets. SKX shares have been forming a long bull flag since that report and above \$51 can take another leg higher towards \$60. SKX is a designer of Skechers-branded lifestyle footwear for men, women and children, and performance footwear for men and women under the Skechers Performance brand name. SKX has a market cap of \$7.47B and trades 18.1X Earnings, 10.6X EBITDA and 1.56X Sales. Forecasts see revenues jumping 28.8% in 2021 after an 11.9% drop in 2020 and EBITDA up 131% after a drop of 53% in 2020, quickly back to record numbers. SKX margins are also seen rising as the international and DTC mix increases. SKX also is likely to see positive tailwinds into 2H21 as school shopping returns and from the consumer stimulus. Analysts have an average target of \$57 and short interest is low at 3% of the float, down sharply from 2018 levels when it was heavily shorted. MSCO upgraded to Overweight with a \$56 target in April seeing potential for ongoing positive estimate revisions and a re-rating. UBS with a \$57 target sees the growth potential underappreciated and is positive on the long-term outlook.

Hawk Vision:



Hawk's Perspective: SKX has a beautiful set-up and is an explosive mover on earnings, flows bullish and valuation does not look too rich with shares back at April earnings levels, so the upside calls could pay nicely.

Confidence Ranking: \$\$