



FEATURED OPTIONS RADAR REPORT



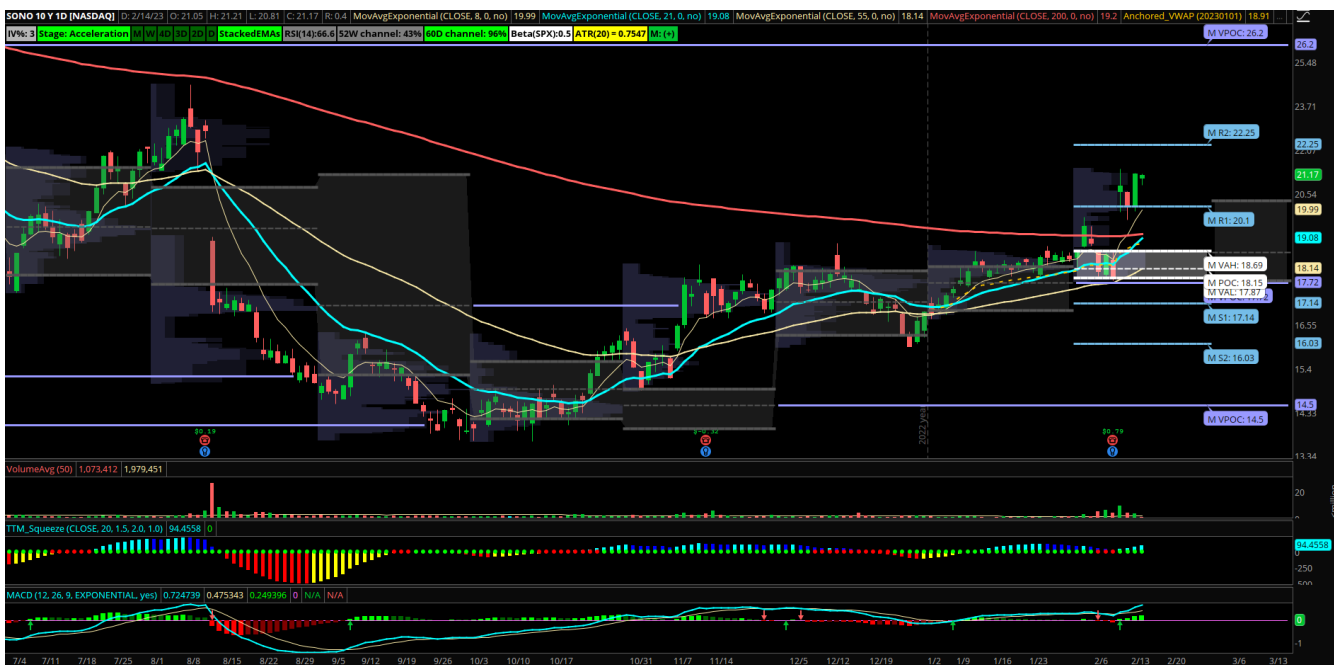
Large Call Buys in Small Cap Sound Experience Leader

Ticker/Price: SONO (\$21.16)

Analysis:

Sonos (SONO) on 2/13 saw several bullish trades open after the recent earnings pop including a buyer of 3500 July \$20 calls at \$2.97 and over \$1M in total which is a notable amount for the name. Also buyers active yesterday for 3500 July \$22.50 calls at \$1.73 and 1600 April \$22.50 calls for \$0.85. The stock reported strong results last week and guided higher saying the company likely will return to double-digit revenue growth once macro headwinds subside this year. Shares have been holding firm above the 20 level since the earnings gap up and now forming a bull flag with space up to the 23 level which is a gap fill from prior earnings past August. SONO bottomed near long term volume support at 15 late last year and now into yearly value area with a potential upside target at 27 this year being the top of yearly value area. Short term support is at 20 and now seeing a 21/200 EMA bull cross higher. The \$2.7B company trades at 54.7x earnings, 12.7x EBITDA, 1.3x sales, FCF yield at 4.0% while revenue is expected to grow +8% in FY24. Sonos is engaged in the business of developing wireless multi-room home audio systems. The Company operates as a sound experience brand. The Company's products include speakers, portable speakers, home theatre, sets, accessories, architectural, components, and speaker recommender. Its accessories include custom-designed stands, mounts, shelves, cables, chargers, and more. SONO announced recently a \$100M buyback and in November said they have the healthiest in-stock inventory position in three years. The CEO said looking ahead, we remain on track to deliver against our fiscal 2023 guidance as we build upon our momentum and prepare to launch multiple new products this year. Average analyst target is \$23. Morgan Stanley last week boosted its price target to \$20 after the strong report and keeps an Equal Weight while DA Davidson has a \$26 target and Jefferies still has a \$35 target. Short interest is at 4.5%. Hedge fund ownership fell 1% last quarter.

Hawk Vision:



Hawk's Perspective: SONO is a nice long side trade with stops under the earnings gap near 20, can see a swift move to 23 but longer-term upside to 27 is intriguing as this turnaround story builds.

Confidence Ranking: \$\$