



## FEATURED OPTIONS RADAR REPORT



### Bullish Spreads See Favorable Risk/Reward in Tempur Pedic

Ticker/Price: TPX (\$38.83)

#### Analysis:

**Tempur Pedic (TPX)** seeing bullish positioning in recent days, on 4/13 the June \$40/\$45 call spreads bought 3000X with the \$35 puts sold, on 4/9 the January \$40 calls bought 6000X against sales in \$45 and \$50 calls with the \$35 puts sold 2000X, and 2750 June \$30 calls bought on 2/1 and 1500 January \$32.5/\$22.5 bull risk reversals opened 2/1 remain in open interest. TPX shares are +40% YTD and went on a parabolic run to start 2021, consolidating the last few weeks in a bull flag pattern with a Move above \$40 targeting a run to new highs at \$50. The \$7.5B mattress leader is trading 14.3X Earnings, 2.05X Sales and 13.9X FCF with revenues seen rising 17.6% in 2021 after two straight years of strong growth and EPS seen rising 27.5% in 2021. TPX has been a consistent beat and raise name and in February also started a dividend and raised its buyback. TPX continues to see margin improve and has seen a strong boost from DTC sales. TPX has also been seeing strong growth in International markets and is targeting a \$50B bedding industry with 20% of US sales currently via ecommerce. TPX also sees 2021 as a key time to expand into new ventures like private label and alternative retail partnerships. Analysts have an average target of \$43 and short interest is elevate at 13.3% of the float. UBS raised its target to \$48 this week citing checks showing robust mattress demand post-stimulus distribution.

#### Hawk Vision:



**Hawk's Perspective:** TPX has long been a favorite and valuation remains very attractive for the impressive growth and favorable backdrop.

**Confidence Ranking:** \$\$