

## SPOTLIGHT OPTION TRADE



### Under Armour Explosive Set-Up into Earnings, Expecting Turnaround Progress

#### TRADE SNAPSHOT

TICKER	UAA
SECURITY	Under Armour
SECTOR	Consumer Goods – Apparel/Footwear
CURRENT PRICE	\$20.70
LONG/SHORT	Long
TARGET	\$25
STOP	\$19.4
TIMEFRAME	2 Months

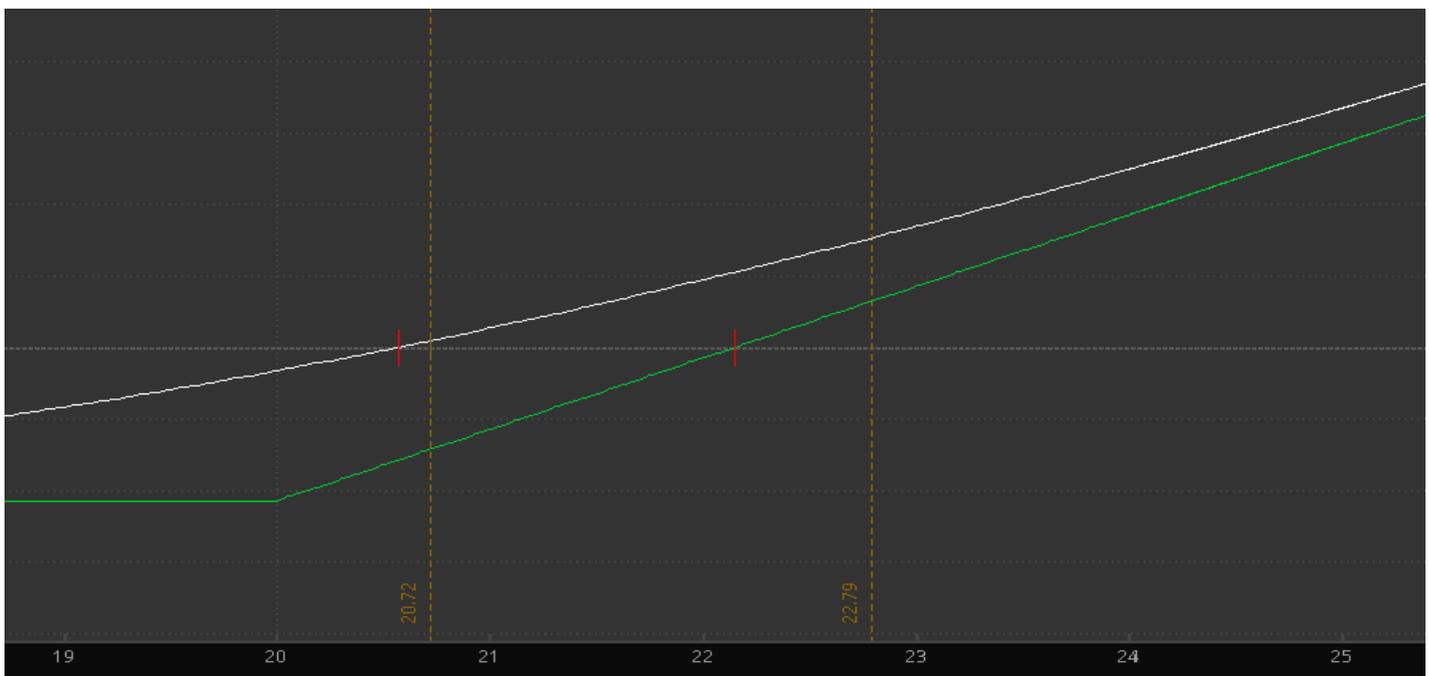
**Trading Strategy:** Long the UAA April \$20 Calls at \$2.15 or Better

**Net Debit/Credit:** Debit \$2.15

**Profitability Zone:** UAA Shares Above \$22.15 on April OpEx

**Greeks:** Delta 62; Gamma 9; Vega 3; Theta -1

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** UAA shares have a bullish 21/55 MA crossover triggering and flagging above that key area, looking to leave a long established volume zone and make a run back to and above 2018 highs as weekly MACD nears a bull crossover and RSI nears a trend breakout.



**Fundamental Analysis:** The \$8.6B apparel and footwear company trades 62.6X Earnings, 1.66X Sales and 22.9X FCF. UAA has seen growth slow rapidly in 2017/2018 after a few years of 25-30% growth, but looks on a path to better growth ahead while EPS seen reaching \$0.50/share in 2020 from \$0.22/share in 2018. UAA outlined its long-term vision in December and is focusing on controlling costs and optimizing operations, while the DTC segment is likely to be a growth engine like we have seen from peers. It is also focusing on brand expansion in International markets. UAA may be at the early stages of a multi-year turnaround. Analysts have an average target of \$21 and short interest at 8.6% of the float is down 17% Q/Q and peaked last March, declining steadily to 35M shares from 67M shares. On 1-22 Goldman added it to its Conviction Buy List with a \$28 target noting gross margins are inflecting positively with ample expansion ahead, also encouraged by progress on cost and inventory management. Piper has a \$30 target and sees UAA as a top own in 2019 with conservative estimates and healthy skepticism around the stock. Hedge Fund ownership rose 11% in Q3 filings, Adage Capital adding 5.13M shares and Alyeska adding to its position.

**Options Activity:** Note the UA line has seen 5,000 March \$17.5 short puts open as well.

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
2/6/2019	UAA 100 19 JUL 19 25 CALL	1,264	799	\$0.97	-11.82%	0.31	42.18%	21.59%	\$128,928	.UAA190719C25
1/17/2019	UAA 100 18 APR 19 20 CALL	3,508	1,276	\$1.90	5.56%	0.55	46.73%	45.70%	\$663,012	.UAA190418C20
1/15/2019	UAA 100 15 FEB 19 17.5 CALL	1,006	511	\$2.82	0.71%	0.78	62.12%	72.53%	\$291,740	.UAA190215C17.5
1/11/2019	UAA 100 15 FEB 19 20 CALL	1,938	774	\$1.33	18.75%	0.509	58.02%	43.68%	\$257,754	.UAA190215C20
1/8/2019	UAA 100 (Weeklys) 22 FEB 19 18.5 CALL	1,002	3	\$1.96	33.33%	0.58	61.82%	49.74%	\$196,392	.UAA190222C18.5
1/8/2019	UAA 100 (Weeklys) 22 FEB 19 19 CALL	1,003	1	\$1.62	24.62%	0.54	60.93%	44.96%	\$162,486	.UAA190222C19
12/27/2018	UAA 100 19 JUL 19 15 PUT	1,500	483	\$1.50	-5.06%	-0.28	52.50%	42.29%	\$228,000	.UAA190719P15
12/27/2018	UAA 100 19 JUL 19 22.5 CALL	1,501	607	\$1.01	-2.88%	0.3	48.49%	19.10%	\$159,106	.UAA190719C22.5
11/28/2018	UAA 100 18 APR 19 20 CALL	1,571	673	\$4.47	23.14%	0.74	50.37%	62.58%	\$730,515	.UAA190418C20
11/14/2018	UAA 100 18 APR 19 17.5 CALL	1,202	555	\$6.09	-5.58%	0.847	48.18%	76.09%	\$732,018	.UAA190418C17.5
11/9/2018	UAA 100 17 JAN 20 30 CALL	3,288	1,646	\$2.60	13.04%	0.391	44.29%	22.38%	\$854,880	.UAA200117C30
9/11/2018	UAA 100 18 APR 19 20 PUT	1,095	38	\$2.49	-1.97%	-0.42	42.36%	55.02%	\$272,655	.UAA190418P20
9/4/2018	UAA 100 18 APR 19 17.5 PUT	1,500	36	\$1.25	4.17%	-0.24	44.60%	36.54%	\$199,500	.UAA190418P17.5
7/19/2018	UAA 100 17 JAN 20 20 CALL	3,428	1,820	\$5.35	4.09%	0.69	40.08%	50.19%	\$1,885,400	.UAA200117C20
6/11/2018	UAA 100 17 JAN 20 20 PUT	1,517	929	\$2.76	0.36%	-0.26	44.52%	46.36%	\$418,692	.UAA200117P20
3/20/2018	UAA 100 17 JAN 20 17.5 PUT	1,568	1,014	\$4.45	0.00%	-0.42	46.34%	66.26%	\$697,760	.UAA200117P17.5
11/1/2017	UAA 100 17 JAN 20 10 PUT	3,173	7	\$1.75	2.94%	-0.262	45.78%	51.51%	\$555,275	.UAA200117P10

**Potential Catalysts:** Earnings 2-12-19

## **Disclaimer:**

### **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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