



FEATURED OPTIONS RADAR REPORT



WW Calls Target Sub Growth as 'Back to Work' Takes Shape

Ticker/Price: WW (\$35.55)

Analysis:

WW International (WW) size buyers on 6/29 of over 8,750 August \$37.50 calls starting around \$2 and up to \$2.60.

WW had buyers in early June for the January \$65 calls, July \$50 calls, and 4500 October \$50 calls. Shares traded strong after earnings up to \$40 and pulling back to the rising 50-MA this week. A move above \$37.50 clears a weekly bull wedge and longer-term measured move to \$47. The \$2.5B company trades 14.15X earnings, 1.92X sales, and 23.5X FCF. WW has been executing on their digital-first vision in 2021 while traction from the pandemic and reopening has accelerated into mid-year with 4.2M digital subs. Member retention is at an all-time high 10-months. The company has been expanding their ecommerce side with products like meal kits and optimizing their platform for better engagement.

In the 2H they plan to launch a new food program with a focus on growing out their diabetes vertical while their healthcare business represents a great opportunity. Analysts have an average target for shares of \$39 with a Street High \$50 from Craig Hallum. The firm was out on 6/4 citing studies that show Americans gained weight during the pandemic and that the return to the workplace, as well as upcoming weddings and summer barbecues, could be a catalyst for the January-centric weight management industry to outperform in 2H21. Goldman Sachs raising estimates on 5/11 as digital momentum has been much more robust than expected. Short interest is 7%. Hedge fund ownership fell 1%.

Melvin Capital a new 2.425M share position.

Hawk Vision:



Hawk's Perspective: WW needs to move back above yesterday's highs to get some momentum back near \$40 but nice risk/reward here versus the 50-day and should see momentum into the Fall and then the traditionally strong Holiday season

Confidence Ranking: \$\$