

Retailing - Hardlines

Credit & Debit card data through 12/25:
DKS, ASO, YETI

Industry Overview

ASO observed sales trends remain strong for F4Q

Bloomberg Second Measure credit & debit card data showed observed sales for Academy Sports (ASO) increased 5.4% over the trailing four weeks and were up 1.5% F4Q to date (through Christmas 12/25) vs. -9.3% in F3Q. Observed sales have a 98% correlation with ASO same-store sales since F1Q22. Bloomberg data sales growth was ~1pt below ASO same-store sales on average the last 3 quarters implying F4Q comps of +2.5% (vs. BofA estimate of -5.5% and consensus estimate of -5.8%).

DKS card data improves but remains negative

Dick's Sporting Goods (DKS) observed sales (99% correlated with DKS same-store sales since F1Q20) decreased 1.3% over the trailing four weeks and declined 4.9% F4Q to date (through Christmas 12/25) vs. -3.3% in F3Q. Bloomberg data sales growth was ~5pts below DKS reported same-store sales on average the last 3 quarters, implying F4Q comps of +0.1% (vs. BofA estimate of -1.0% and consensus estimate of +1.2%).

Exhibit 1: Observed Sales per Bloomberg Second Measure credit & debit card data for DKS, ASO, & YETI through 12/25

Observed sales improve 4Q to date for ASO compared to F3Q

	Trailing four weeks y/y	F4Q QTD	F3Q	Fiscal YTD
DKS	-1.3%	-4.9%	-3.3%	-3.6%
ASO	5.4%	1.5%	-9.3%	-6.0%
YETI*	7.6%	-10.5%	2.0%	-6.8%

Source: Bloomberg Financial LP- ALTD <GO>

*Online observed sales

03 January 2024

Equity
United States
Retailing-Hardlines

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QTD: quarter-to-date

YTD: year-to-date

DKS: Dick's Sporting Goods

ASO: Academy Sports + Outdoors

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Timestamp: 03 January 2024 01:37PM EST

Bloomberg Second Measure credit & debit card data

Exhibit 2: Observed Sales according to Bloomberg Second Measure credit & debit card data through 12/25

ASO observed sales 4Q to date trend improves vs. F3Q

	Trailing four weeks y/y	F4Q QTD	F3Q	Fiscal YTD
DKS	-1.3%	-4.9%	-3.3%	-3.6%
ASO	5.4%	1.5%	-9.3%	-6.0%
YETI*	7.6%	-10.5%	2.0%	-6.8%

Source: Bloomberg Financial LP- ALTD <GO>

*Online observed sales

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Exhibit 3: Observed Transactions according to Bloomberg Second Measure credit & debit card data through 12/25

DKS observed transactions are higher year-to-date compared to ASO

	Trailing four weeks y/y	F4Q QTD	F3Q	Fiscal YTD
DKS	-5.1%	-5.9%	-4.3%	-3.3%
ASO	4.3%	2.2%	-8.3%	-5.5%

Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 4: Average Transaction Value according to Bloomberg Second Measure credit & debit card data through 12/25

DKS average transaction value is higher year-to-date compared to ASO

	Trailing four weeks y/y	F4Q QTD	F3Q	Fiscal YTD
DKS	3.5%	1.7%	1.1%	0.4%
ASO	0.4%	-0.3%	-1.1%	-1.1%

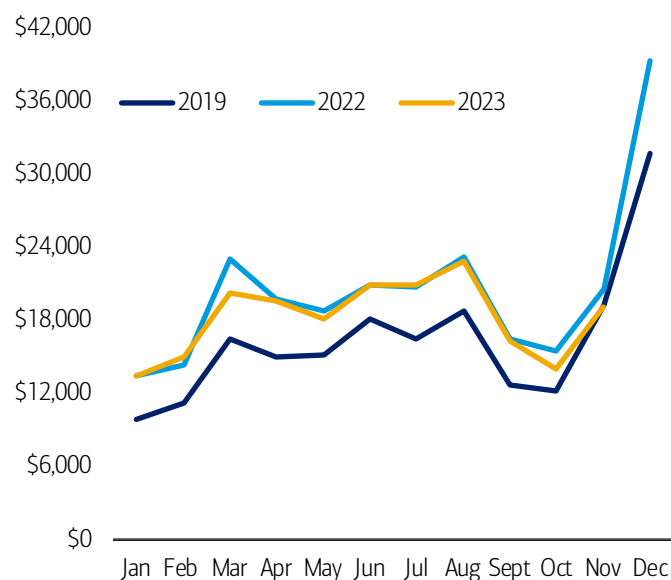
Source: Bloomberg Financial LP- ALTD <GO>

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DKS Credit & Debit Card Data

Exhibit 5: DKS observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are tracking below last year and 2019 levels in November

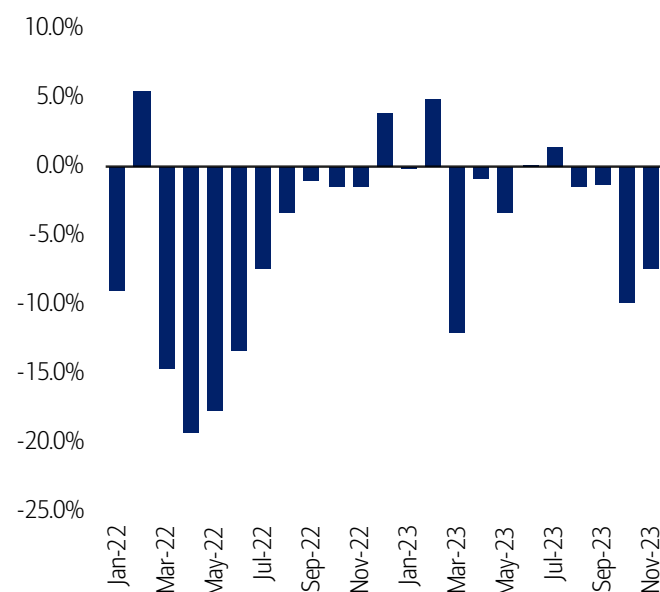


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 6: Y/Y % change in DKS observed sales according to Bloomberg Second Measure credit & debit card data

DKS observed sales were down 7.5% y/y in November vs. -9.9% in October

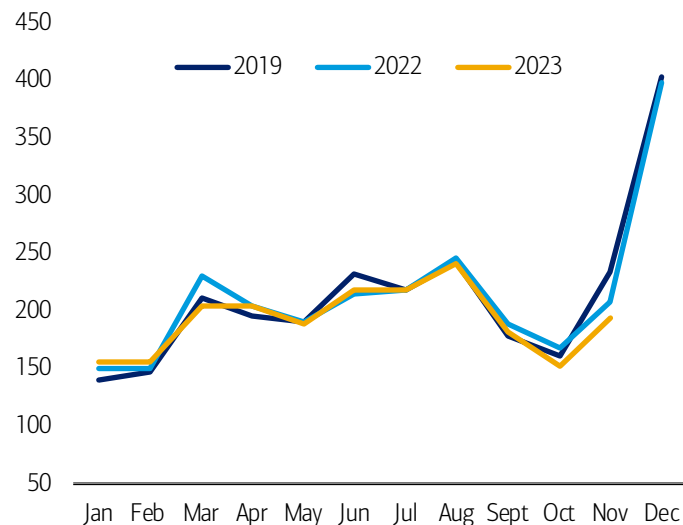


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 7: DKS observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are below historical levels

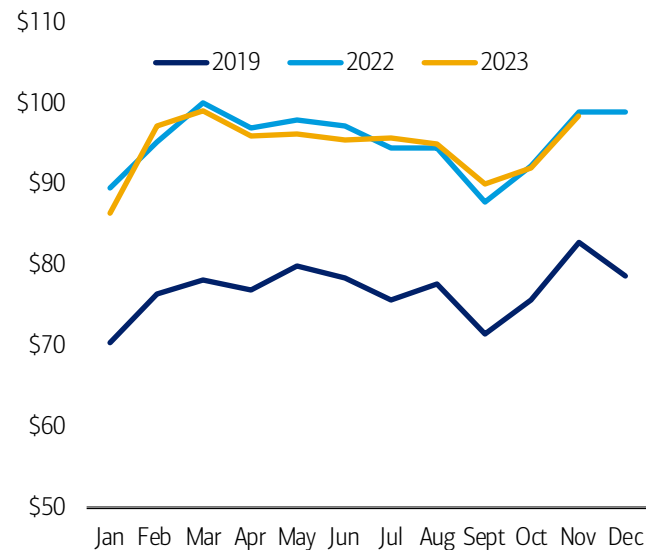


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 8: DKS average transaction value according to Bloomberg Second Measure credit & debit card data

DKS average transaction values are slightly below last year's levels

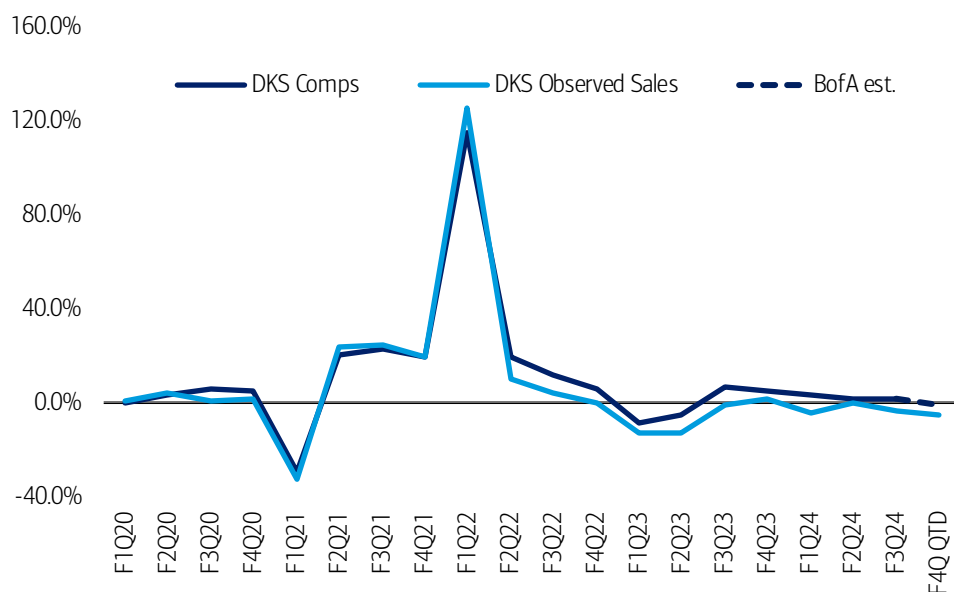


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 9: Y/Y% change in DKS observed sales (Bloomberg Second Measure credit & debit card data) vs. Y/Y % change in DKS reported same-store sales

99% correlation between DKS observed sales and DKS same-store sales (since F1Q20)



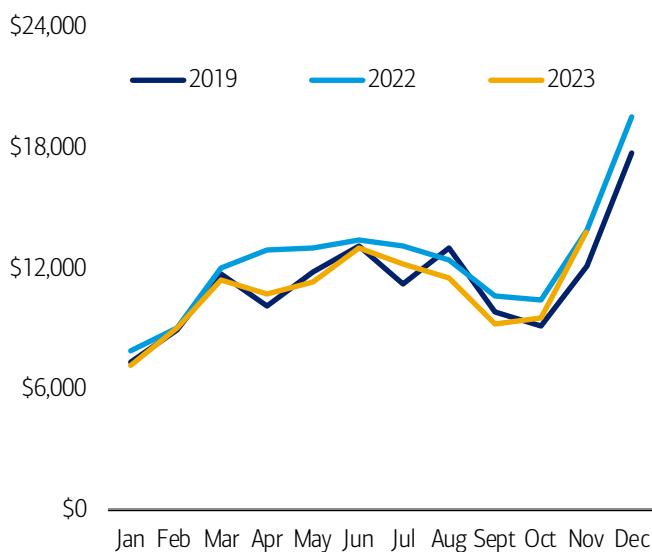
Source: Bloomberg Financial LP- ALTD <GO>, Company filings

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ASO Credit & Debit Card Data

Exhibit 10: ASO observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are tracking slightly below 2022 levels in November (but above 2019)

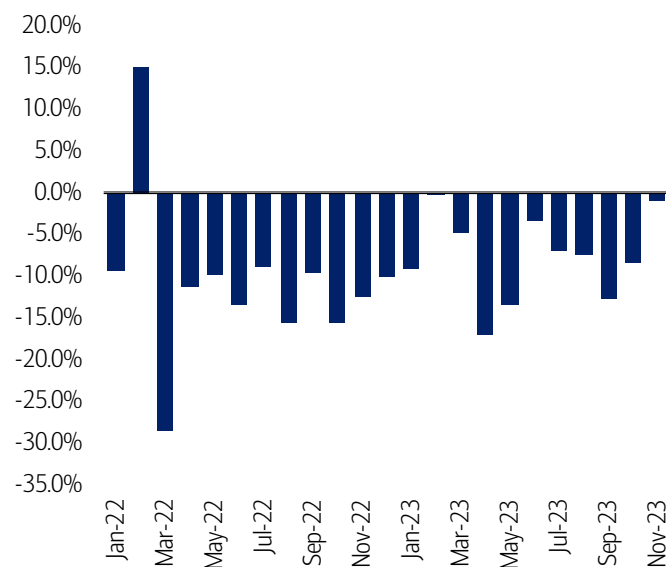


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 11: Y/Y % change in ASO observed sales according to Bloomberg Second Measure credit & debit card data

ASO observed sales were down 0.9% y/y in November vs. -8.3% in October

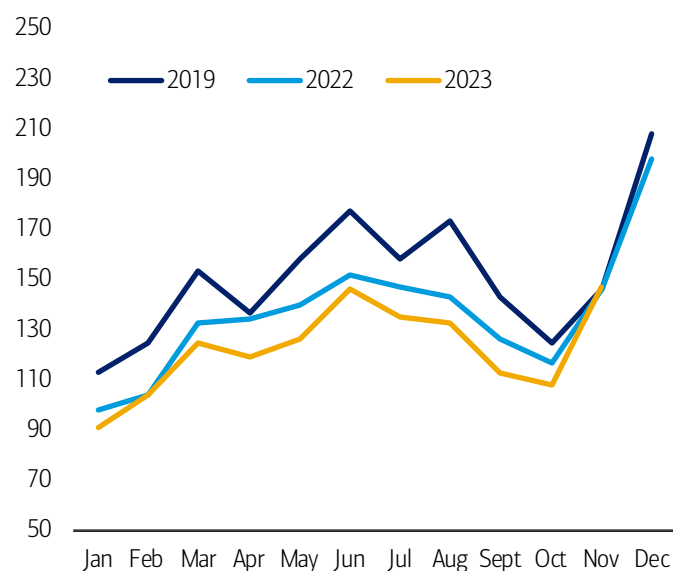


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 12: ASO observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are slightly above 2022 levels

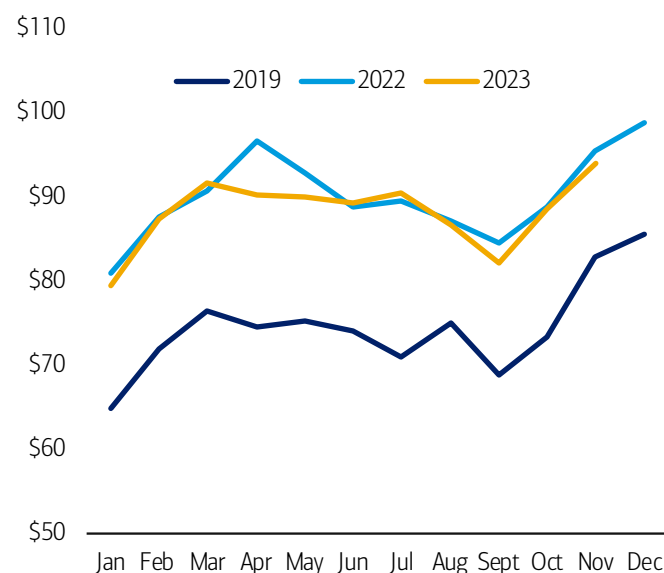


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 13: ASO average transaction value according to Bloomberg Second Measure credit & debit card data

ASO average transaction values track slightly below last year in November

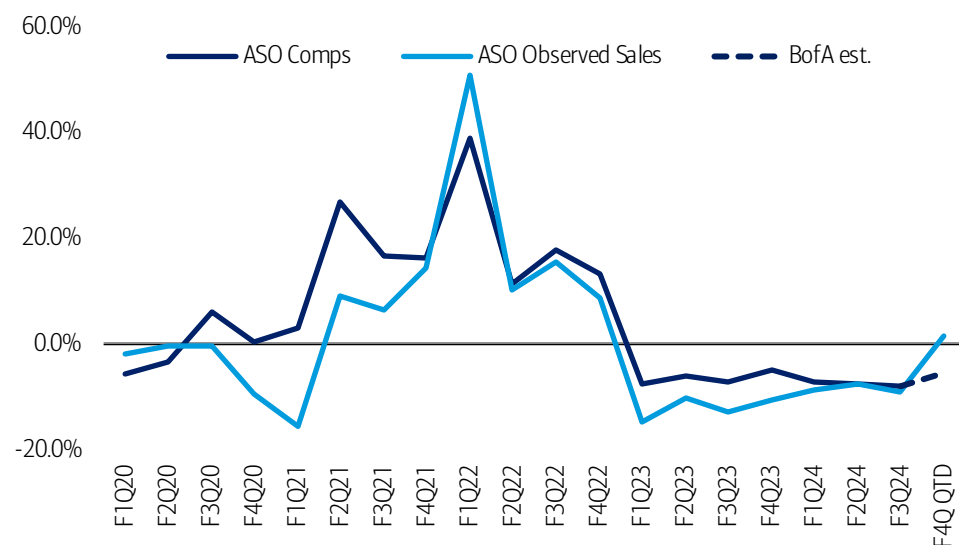


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 14: Y/Y% change in ASO observed sales (Bloomberg Second Measure credit & debit card data) vs. Y/Y% change in ASO reported same-store sales

98% correlation between ASO observed sales and ASO same-store sales (the last 11 quarters)



Source: Bloomberg Financial LP- ALTD <GO>, Company filings

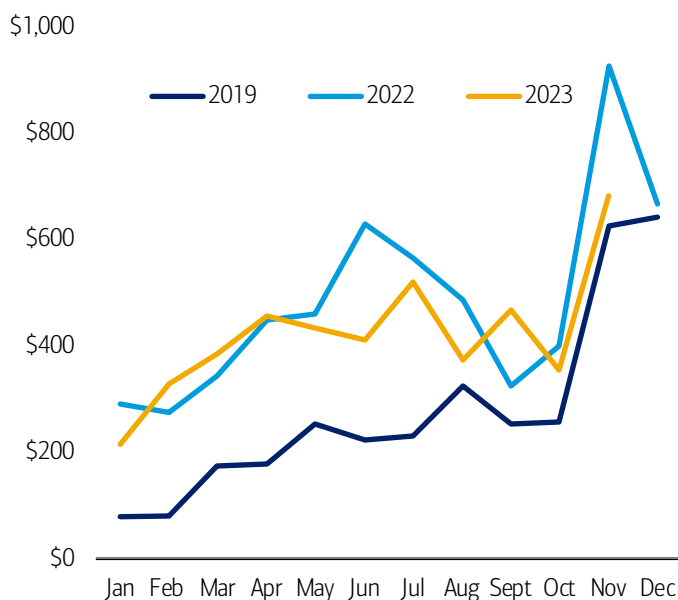
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YETI Credit & Debit Card Data



Exhibit 15: YETI observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales remain below 2022 levels in November

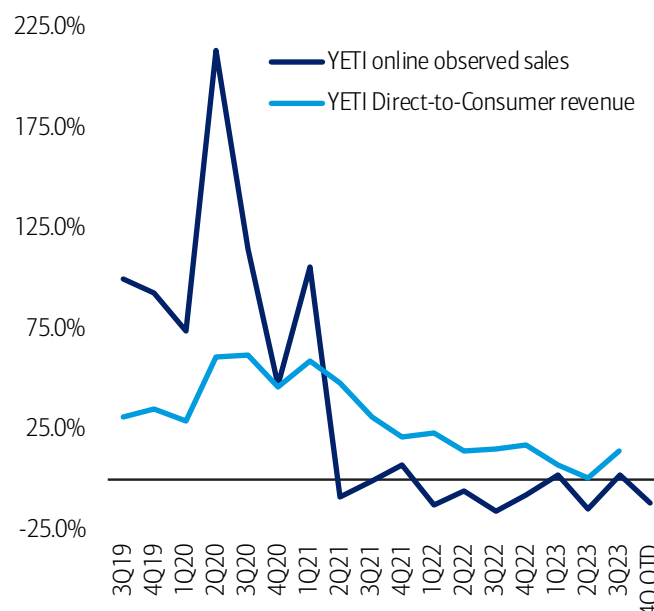


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 16: Y/Y% change in YETI online observed sales (Bloomberg Second Measure credit & debit card data) vs. Y/Y % change in YETI Direct-to-Consumer revenue

78% correlation between YETI online observed sales and Yeti DTC revenue



Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 17: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company Name	Price	Rating
ASO	ASO US	Academy	\$65.22	C-1-7
DKS	DKS US	Dick's	\$141.12	C-2-7
YETI	YETI US	Yeti	\$47.59	C-2-9

Source: BofA Global Research

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Price objective basis & risk

Academy Sports + Outdoors (ASO)

Our PO of \$65 is based on 8-9x our F25 GAAP EPS estimate of \$7.55, in line with the average P/E for the Athletic/Sporting Goods retail group given: (1) potential for margin uplift as ASO shifts to higher margin national brands and private label, (2) ASO success with new store growth and plans to expand the store base by 50% (120-140 stores) over the next 5 years, and (3) Academy's ability to manage SG&A.

Risks to the downside are: (1) Nike may choose to allocate product differently in the future, (2) more competitive pressures including expansion of Dick's into value-oriented apparel, and (3) increased regulation affecting the sale of firearms & ammunition.

Dick's Sporting Goods (DKS)

Our PO of \$145 is based on 11-12x our F2025E EPS estimate of \$12.50 (the low end of its historical multiple of 10-15X) given DKS could see continued normalization of spending on categories that outperformed during COVID-19 (incl. Outdoor apparel & equipment, bicycles, etc.).

Downside risks to our PO are weakening of the macro environment and rising gas prices,

potential secular headwinds in the golf category, weaker traffic trends, higher-than-expected cost pressures and the risk of a more competitive pricing environment.

YETI Holdings, Inc. (YETI)

Our \$50 price objective is based on roughly 18x our 2024E adjusted EPS of \$2.80, a valuation in-line with other high quality Leisure Brands & Retailers, given: (1) strong brand momentum, (2) significant under penetration in international, (3) healthy and stable margin outlook, and (4) long-term product and category expansion.

Risks to the downside are: 1) Earnings uncertainty related to softening consumer demand, 2) coolers and drinkware are very competitive categories with low barriers to entry, 3) significant supply chain constraints and heavy reliance on a few suppliers, 4) strong margins could be unsustainable, 5) limited replacement cycle because of durability of products, 6) high concentration of sales with a few retailers

Upside risks are: 1) international could perform better than expected, 2) new product launches could drive upside, & 3) margins could increase as freight pressures ease.

Analyst Certification

I, Robert F. Ohmes, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

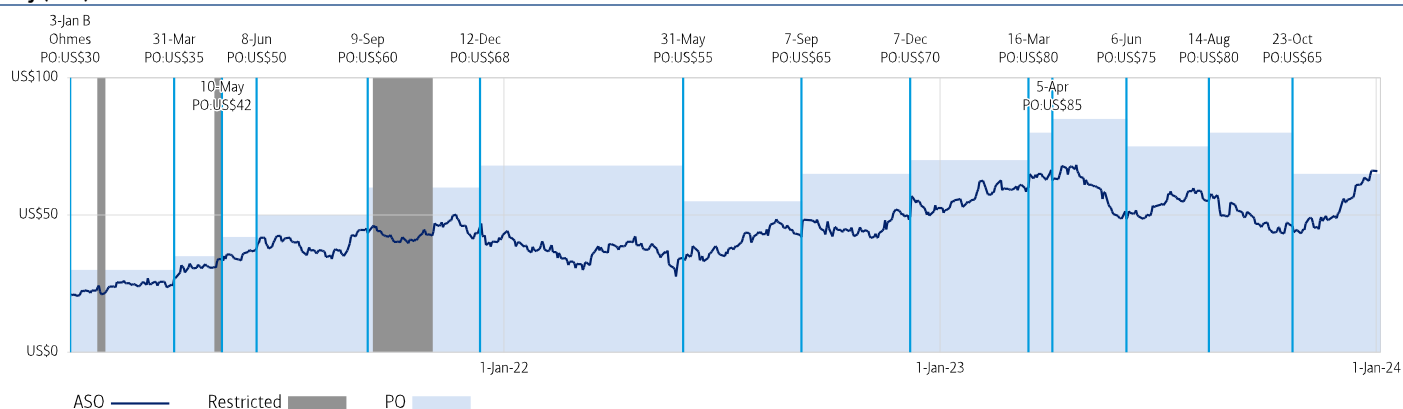
US - Food Retailers & Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
NEUTRAL				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
UNDERPERFORM				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA

Disclosures

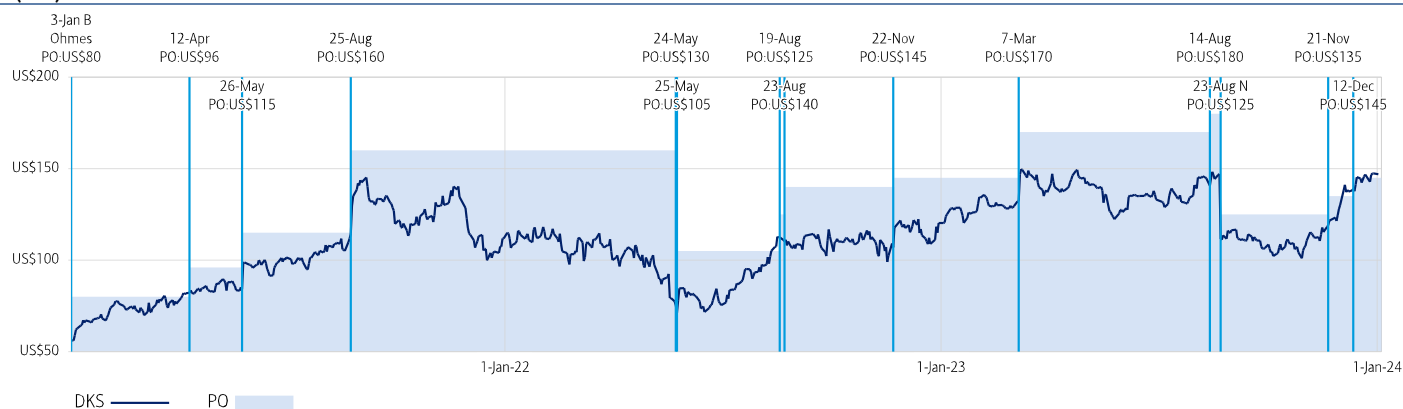
Important Disclosures

Academy (ASO) Price Chart



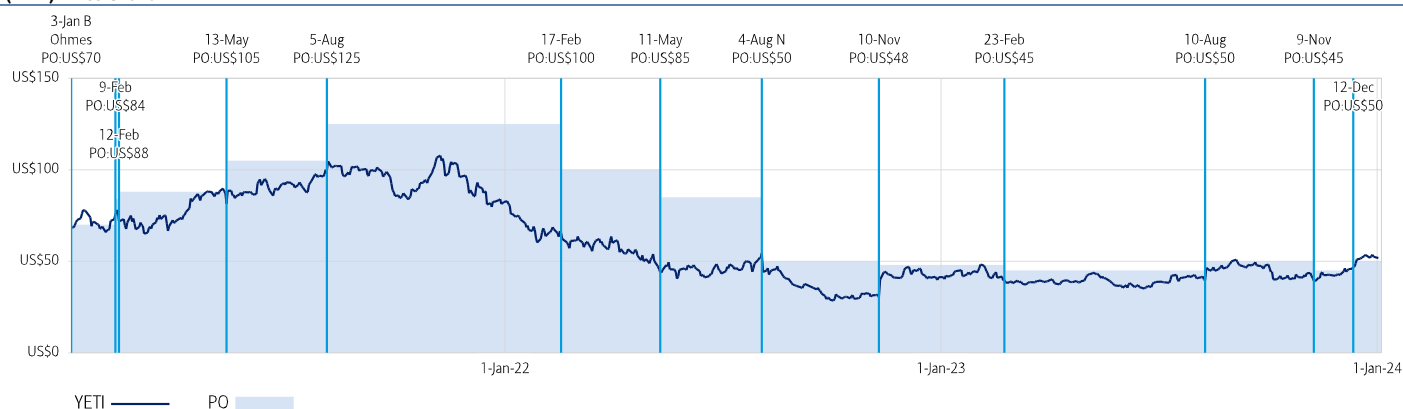
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Dick's (DKS) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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YETI (YETI) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Leisure Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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