

## Retailing - Hardlines

**DKS and ASO foot & web traffic update;  
Raise POs**

Price Objective Change

**Card data implies ASO F4Q ahead of consensus**

Bloomberg Second Measure credit & debit card data showed observed sales for Dick's Sporting Goods (DKS) declined (3.8)% F4Q to date (through 1/29) compared to (3.4)% in F3Q. Bloomberg data sales growth was ~5pts below DKS reported same-store sales on average the last 3 quarters, implying F4Q comps of 1.2% (in-line with Bloomberg consensus estimate of 1.2%). Observed sales for Academy Sports (ASO) increased 2.2% F4Q to date (through 1/29) compared to (9.3)% in F3Q. Bloomberg data sales growth was ~1pt below ASO same-store sales on average the last 3 quarters, implying F4Q comps of 3.2% (ahead of Bloomberg consensus estimate of (5.7)%).

**DKS & ASO foot traffic sequentially improved in F4Q**

DKS foot traffic (95% correlated with DKS traffic comps) sequentially improved to (13.7)% in F4Q (Nov.- Jan.) from (17.6)% in F3Q (Aug.- Oct.) according to Placer geolocation data. ASO foot traffic (90% correlated with ASO comps) also improved to (14.4)% in F4Q from (16.5)% in F3Q. We could see a slowdown in traffic during shoulder periods where there are fewer appointment shopping periods (we note there are fewer appointment shopping occasions in F1Q, but several in F2Q incl. Memorial Day, Father's Day).

**DKS transaction growth likely supported by digital**

DKS web traffic accelerated y/y in January and remained well ahead of in-store traffic (which tracks negative). DKS MAU growth (on mobile app) outpaced both Target & Walmart in January and we believe DKS is seeing support from continued momentum in omni-channel (including pickup & delivery) and in-app reservation capabilities for sneaker releases (see Exhibit 9). ASO web traffic decelerated in January to (11.8)% (from 0.7% in December). While we believe ASO is still in the early innings of its digital initiatives, it should see support from growing online licensed assortment & new customer data platform.

**Raise POs on DKS and ASO**

We raise our DKS PO to \$165 (was \$145), 12x (was 11-12x) our F26E EPS of \$13.35 (was F25E) to reflect improving traffic trends as we roll forward our valuation base. We reiterate Neutral on DKS as we believe near-term consumer macro headwinds and risk of a competitive and promotional holiday season are offset by DKS efforts to streamline cost structure, obtain highly allocated merchandise, and optimize promos. We raise our ASO PO to \$75 (was \$65), 8-9x (unchanged) our F26E EPS of \$8.50 (was F25E). We reiterate Buy on ASO as we believe ASO is well-positioned for a potentially still challenged consumer environment in 2024 given strong everyday value offerings, accelerated store growth, and structural margin benefits from supply chain (incl. new warehouse management system, which should begin rolling out in early 2024).

05 February 2024

Equity  
United States  
Retailing-Hardlines

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**Exhibit 1: Key Changes**

Raising PO on DKS and ASO

	New PO	Prior PO
DKS	\$165	\$145
ASO	\$75	\$65

Source: BofA Global Research

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MAU: monthly active users

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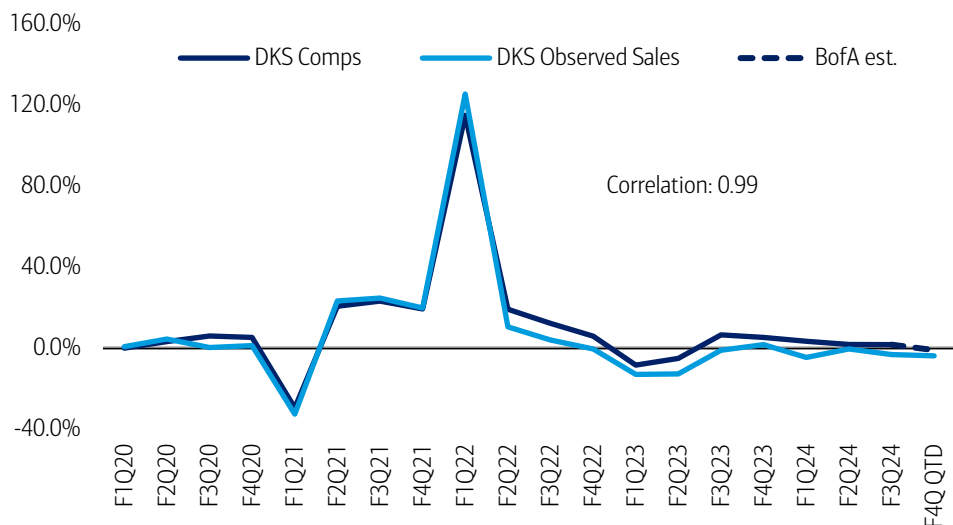
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## Bloomberg Second Measure credit & debit card data

### Exhibit 2: Y/Y% change in DKS observed sales (Bloomberg Second Measure credit & debit card data) vs. Y/Y % change in DKS reported same-store sales

DKS observed sales declined (3.8)% in F4Q compared to (3.4)% in F3Q

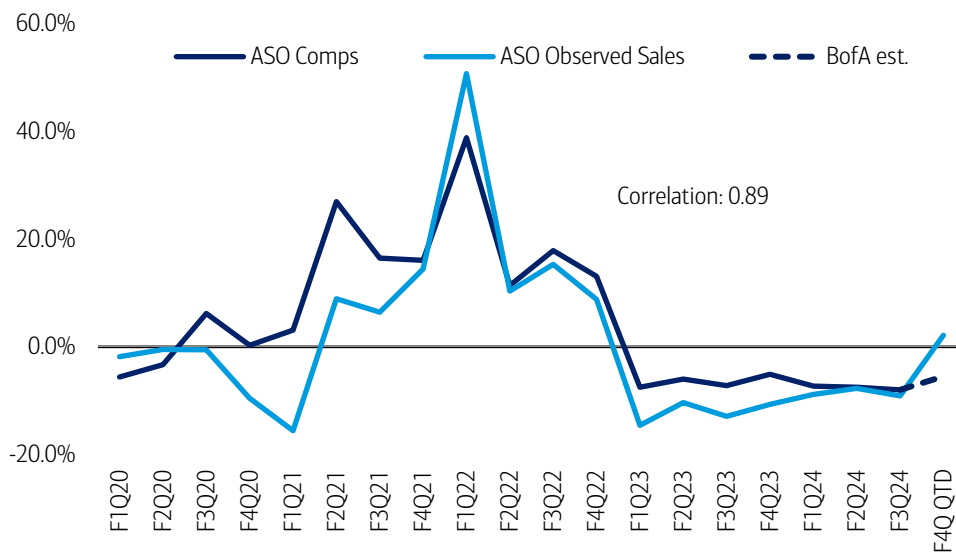


Source: Bloomberg Financial LP- ALTD <GO>

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### Exhibit 3: Y/Y% change in ASO observed sales (Bloomberg Second Measure credit & debit card data) vs. Y/Y % change in ASO reported same-store sales

ASO observed sales increased 2.2% in F4Q compared to (9.3)% in F3Q



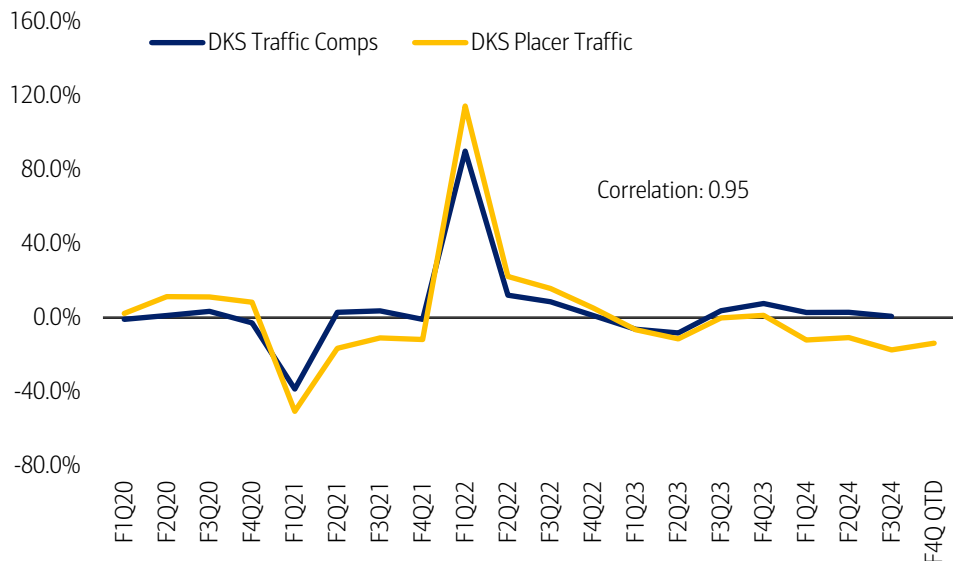
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## Foot traffic according to Placer

### Exhibit 4: Y/Y% change in reported DKS traffic comps vs. DKS Placer Foot Traffic (through 1/28)

DKS foot traffic trends improved to (13.7)% in F4Q from (17.6)% in F3Q

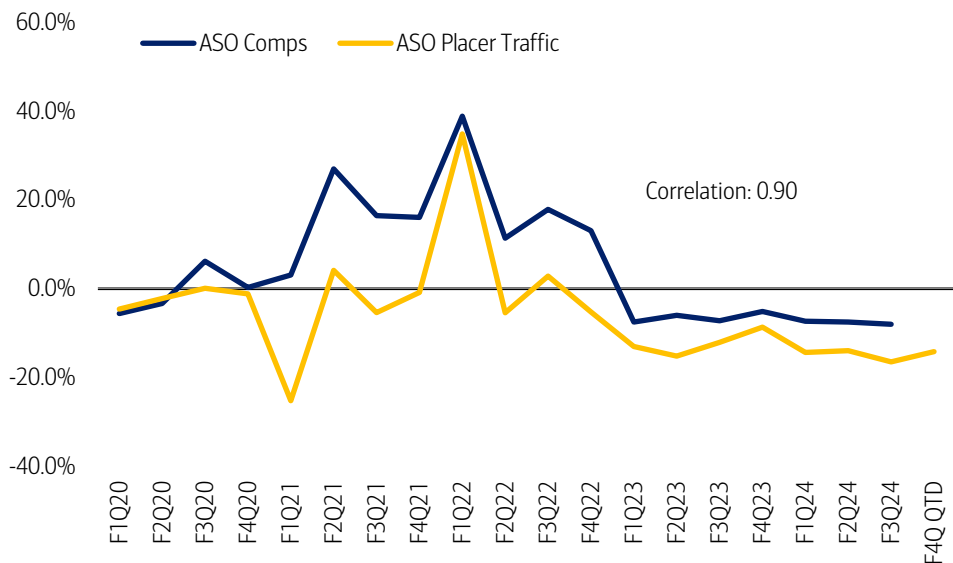


Source: Placer, Company Filings

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### Exhibit 5: Y/Y% change in reported ASO same-store sales vs. ASO Placer Foot Traffic (through 1/28)

ASO foot traffic trends improved to (14.4)% in F4Q from (16.5)% in F3Q



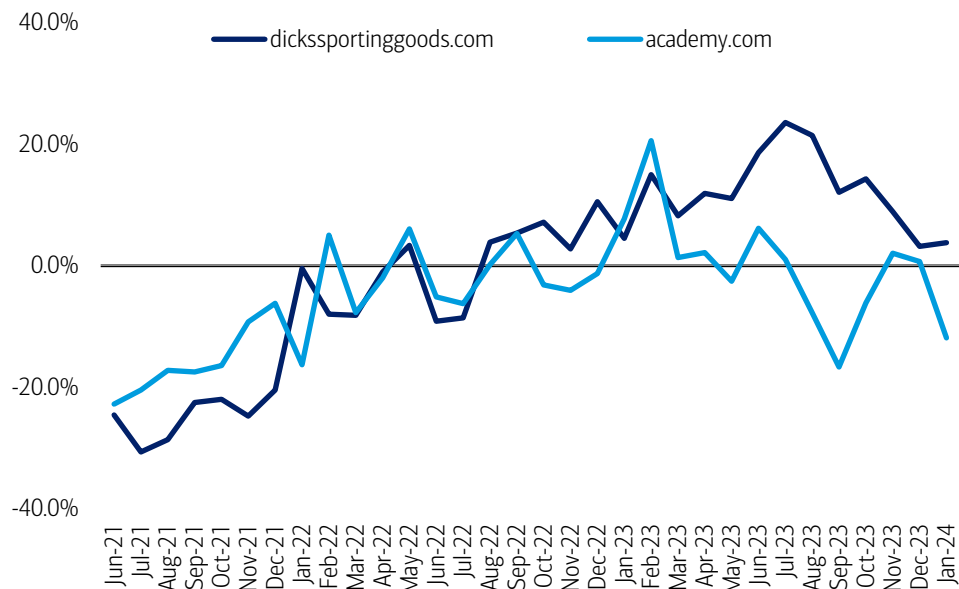
Source: Placer, Company Filings

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## Web traffic according to SimilarWeb

### Exhibit 6: Y/Y % change in monthly web traffic for DKS and ASO

DKS web traffic accelerated in January while ASO web traffic became more negative

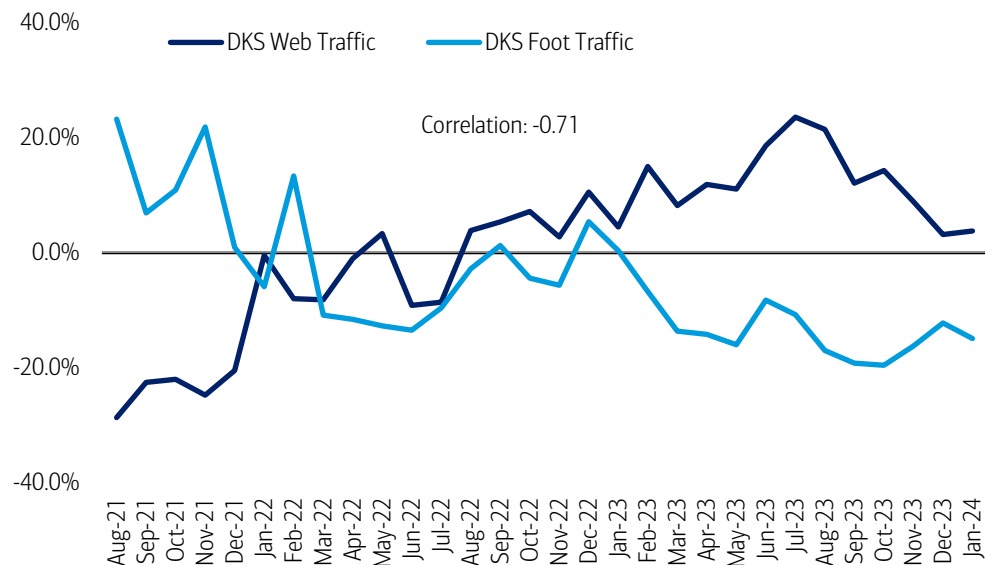


Source: SimilarWeb, similarweb.com, BofA Global Research

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### Exhibit 7: Y/Y% change in DKS foot traffic vs. Y/Y% change in DKS web traffic

DKS web traffic continues to outpace foot traffic



Source: Placer, SimilarWeb, similarweb.com, BofA Global Research

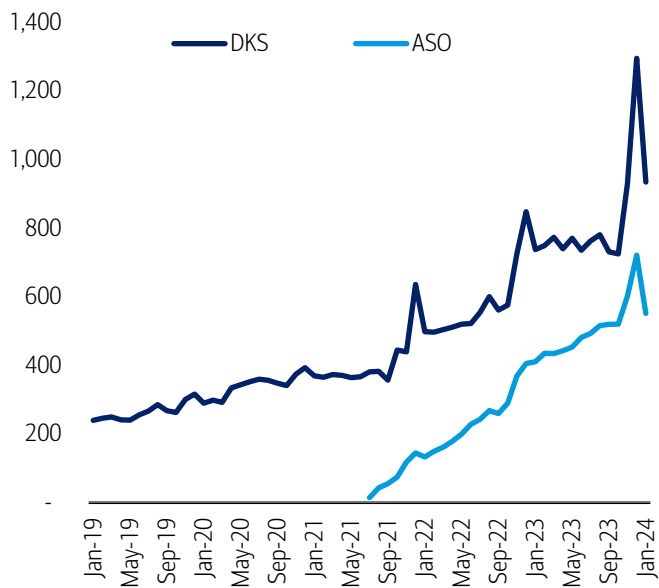
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## Mobile app engagement according to Sensor Tower

We looked at mobile app engagement and usage trends (based on worldwide monthly active user data or “MAU”, from Sensor Tower) for major shopping apps. DKS MAU growth outpaced both TGT & WMT in January and we believe DKS is seeing support from continued momentum in omni-channel (including pickup & delivery) and in-app reservation capabilities for sneaker releases. The size of DKS’ mobile user base (934K in January) remains well below that of WMT (21.4mn) and TGT (9.9mn).

### Exhibit 8: Mobile App Monthly Active Users (MAUs) in thousands

Both DKS & ASO have seen an acceleration in MAUs, which peaked in December

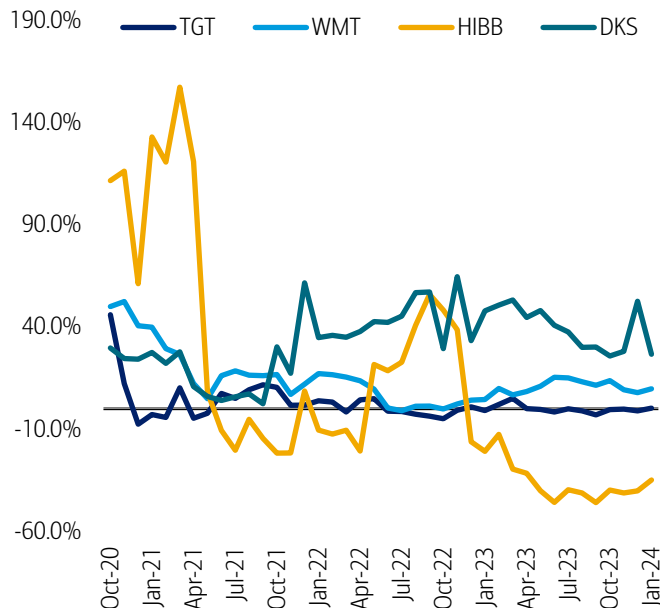


Source: Sensor Tower

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### Exhibit 9: Monthly Worldwide Monthly Active Users y/y% change

DKS MAUs decelerate y/y in January but continue to outpace peers



Source: Sensor Tower

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### Exhibit 10: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company Name	Price	Rating
ASO	ASO US	Academy	\$62.80	C-1-7
DKS	DKS US	Dick's Sporting Goods	\$156.45	C-2-7

Source: BofA Global Research, Bloomberg

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## Price objective basis & risk

### Academy Sports + Outdoors (ASO)

Our PO of \$75 is based on 8-9x our F26 GAAP EPS estimate of \$8.50, 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 \$165 is based on 12x our F2026E EPS estimate of \$13.35 (the middle 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.

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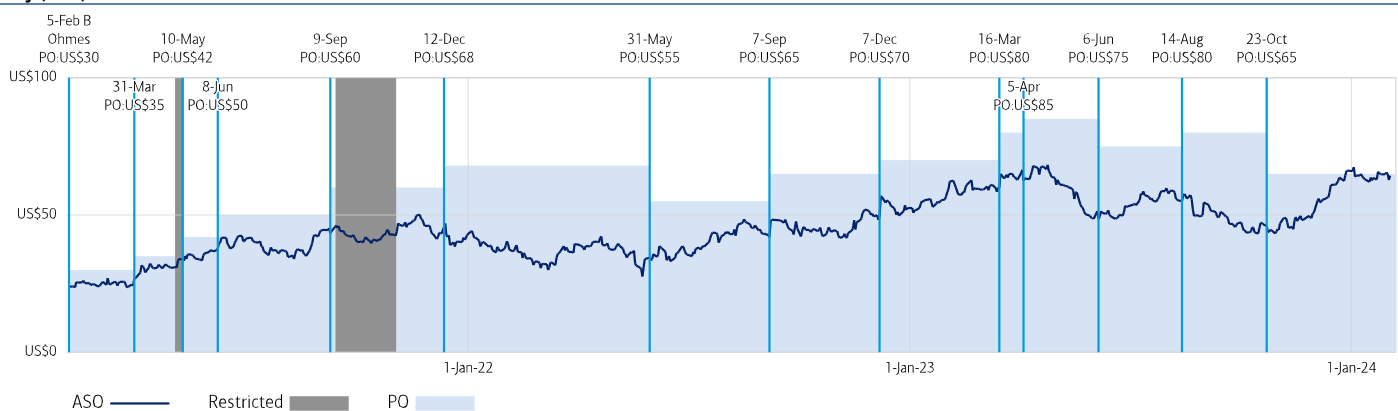
## US - Broadlines, Hardlines, Food Retailers &amp; Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	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
<b>NEUTRAL</b>				
	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
<b>UNDERPERFORM</b>				
	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

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## Important Disclosures

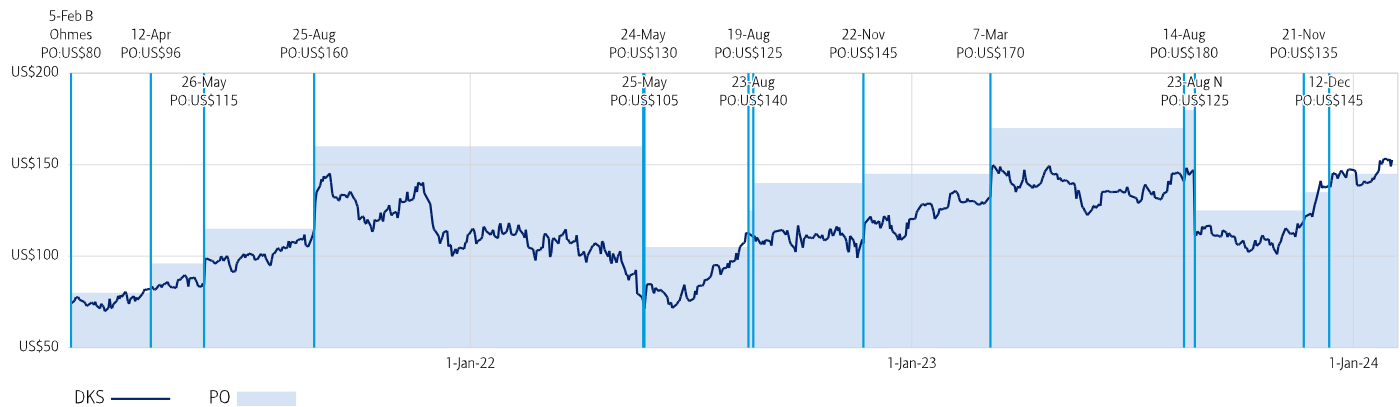
## Academy (ASO) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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 <sup>R1</sup>	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 <sup>R1</sup>	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%

<sup>R1</sup> 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 <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> 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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