

The SMID Point

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Company | Industry

Citi North America Research^{AC}

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Company

Academy Sports and Outdoors, Inc. (ASO.O) - Expect Slight 4Q Beat on Stronger Comps/Weaker GM and F25 Guidance Below Consensus

We expect a slight 4Q24 EPS beat (BMO 3/20) driven by stronger comps, partially offset by weaker GM. We anticipate mgmt will guide F25 adj EPS to \$5.50-6.50 (vs cons \$6.58) based on comps -LSD to +LSD (cons +0.8%). We expect more detail around the launch of new NKE product in April, which mgmt expects to move the needle on sales. We believe weaker near-term trends and macro/tariff uncertainty could push out any potential comp inflection to 2Q at the earliest (2Q is the easiest comparison given logistics issues LY) and investors would largely remain skeptical given macro uncertainty. However, shares trade at F25E P/E multiple of just 7.5x, suggesting a lot of pessimism is already priced-in. Any signs of comps improving from its down MSD run-rate over last 3-yrs will be viewed positively. Despite our positive 12-month view and Buy rating, we see a balanced risk/reward into 4Q EPS.

Buy | Target price US\$60.00

Paul Lejuez, CFA, CPA

Citi vs Consensus

	4Q24E		1Q25E		F24E		F25E	
	Citi Ests	Consensus	Citi Ests	Consensus	Citi Ests	Consensus	Citi Ests	Consensus
Sales	\$1,700	\$1,674	\$1,375	\$1,412	\$5,957	\$5,933	\$6,184	\$6,255
% YoY	(5.3%)	(6.7%)	0.8%	3.5%	(3.3%)	(3.7%)	3.8%	5.0%
Comp	(2.5%)	(4.3%)	(3.0%)	(0.4%)	(4.9%)	(5.4%)	(0.6%)	0.8%
Gross profit	\$569	\$568	\$453	\$479	\$2,041	\$2,039	\$2,104	\$2,164
% margin	33.5%	33.9%	32.9%	33.9%	34.3%	34.4%	34.0%	34.6%
SG&A	\$392	\$393	\$361	\$362	\$1,459	\$1,463	\$1,540	\$1,547
% YoY	(0.7%)	(0.4%)	3.9%	4.3%	3.6%	3.9%	5.5%	6.0%
EBIT	\$177	\$172	\$92	\$113	\$582	\$577	\$564	\$615
% margin	10.4%	10.3%	6.7%	8.0%	9.8%	9.7%	9.1%	9.8%
EPS	\$1.86	\$1.84	\$0.92	\$1.17	\$5.94	\$5.91	\$6.00	\$6.58
% YoY	-15.7%	-16.6%	-14.3%	8.9%	-14.7%	-15.1%	0.9%	10.8%

Industry

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

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Global FinTech and Payments – Travel Spend: Checking into QTD Travel Trends; V/MA Commentary; X-Border ex Intra-Europe Decelerates

Innovation Lab

We perform a timely check into travel trends, given consumer spend uncertainty. Through March 9, 1QTD global flight growth (y/y) decelerated slightly from 4Q. Cross-border ex intra-Europe remains stable in the 8.5-9% range, though trends decelerated throughout the quarter from the ~9%-11% y/y range in January to ~6%-8% in February and March weeks. While Visa and Mastercard noted relatively stable spend trends overall through February (ex. Leap Year), we are watching the cross-border monthly exit rate for Jun-quarter/forward implications given deceleration and consumer/business uncertainty. U.S. domestic flight activity has shown modest improvement – from -1% y/y through the first week in February to ~1-2% thereafter. However, U.S. airlines have voiced trend uncertainty and the first week in March showed a deceleration. **Details Below & Inside.**

Andrew Schmidt

US Equity Strategy – Shifting Sands V.2

Our broader US equity narrative headed into '25 remains mostly intact. However, there are several twists and turns that need to be considered as the policy and macro backdrop continues to evolve. We continue to view 5,500 as a level that sets up for a good risk reward between our bear and base cases. Shifting sands relate to increased recession concerns but offset by an improved valuation circumstance for the meg cap growth cohort.

Scott T Chronert | Drew Pettit | Patrick Galvin, CFA

Industry Group Cluster P/E (TTM)



Mag 7 vs. Rest of Index P/E (NTM)

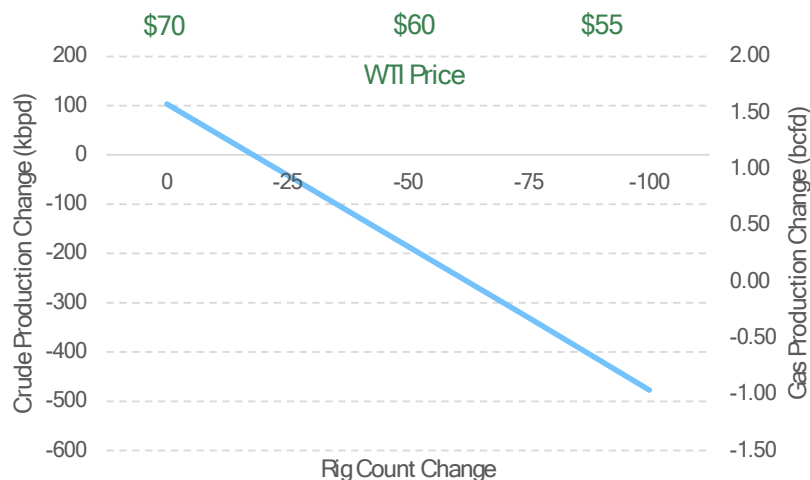


US Exploration & Production and Oil Services – Oil Price to Rig Count to Shale Production In a Single Chart

Continued concerns toward the economy, OPEC's stated intent to unwind production cuts and more recently, potential steps toward a ceasefire in Ukraine have all weighed on Energy equities. One question we've received is – how would U.S. drilling activity respond to lower prices? In figure 1, we show a rough estimate for how incrementally lower oil prices could impact U.S. oil rig count and shale production. The conclusion is that at ~\$70 WTI, oil production likely grows by ~100kbpd (ex NGLs) but at ~\$65, rig count is likely down ~25 with production flattish. A drop into the upper \$50s likely results in a bigger psychological impact with the rig count potentially falling ~75 and production down >300kbpd. Notably oil-levered E&Ps appear to be discounting ~\$60 WTI with the equities taking a more cautious view than the commodity at present, but closer to the forward curve in Dec. 2026.

Scott Gruber | Paul Diamond

How a Drop in Oil Price Could Impact US Oil Rig Count & Production

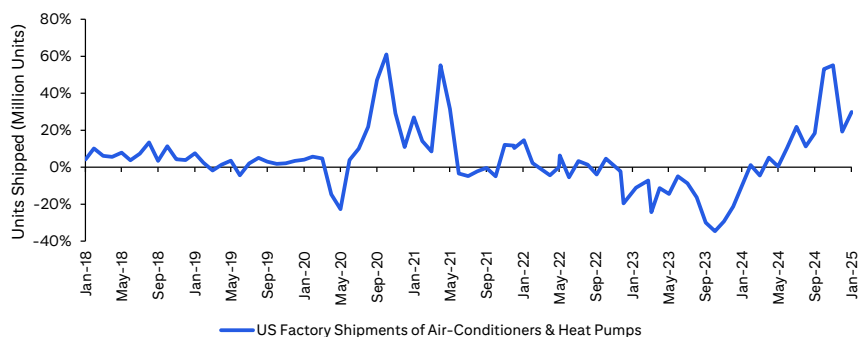


US Industrial Conglomerates - Jan '25 AHRI Data: Positive (But Nuanced) Across Resi Water Heaters, Commercial Water Heaters, and HVAC

Jan. '25 U.S. AHRI Data reveals positive (but nuanced) results across residential water heater shipments (+0.9% YoY), commercial water heater shipments (+5.0% YoY), and HVAC shipments (+29.9% YoY). Residential water heater YoY shipments continue to face pressure that we think reflects a challenging demand environment amid still elevated interest rates/weaker housing market activity. Total commercial water heaters YoY shipments improved, although Jan '25. AHRI data suggests mixed performance with commercial gas heater shipments down (-3.2% YoY) while commercial electric heaters grew (+10.0% YoY), which we think is driven by energy-efficiency trends. HVAC recorded solid YoY growth reflecting easy comps (albeit off the easiest comp of the year with Jan '24 -21.3%) as well as likely still some pre-buy in resi-HVAC (+32.5% YoY); in commercial-HVAC, despite a tougher comp (Jan '25 -22.5% YoY vs. Jan '24 +20.8%), we think commercial-HVAC remains reasonably healthy with datacenter-related demand likely being a growing contributor.

Andrew Kaplowitz

U.S. Factory Shipments of Air-Conditioners & Heat Pumps (YoY%)



US Oil & Gas Equipment and Services - What are OFS Stocks Discounting?

A common question recently has been – what are OFS stocks discounting? Determining this is more art than science (especially versus E&Ps, detailed [here](#)). We utilize a blend of 'normal' EV/EBITDA multiples and FCF yields to estimate the magnitude of EBITDA reduction that the larger OFS stocks appear to be discounting. We estimate the stocks are discounting a ~20% drop in EBITDA, led by HAL (-30%) and WFRD (-23%) with SLB and NOV both ~20%. We think this corresponds with a 75-100 U.S. rig count reduction (13-17% drop), a high-single-digit decline in International revenues and healthy decrements. This would

broadly correspond with \$58/\$55 Brent/WTI prices. While there's risk of a spending slowdown, we don't think these conditions will sustain into perpetuity and thus the group presents good value. We think SLB, BKR and FTI more easily attract longer term investment while HAL and WFRD likely present higher beta toward industry sentiment.

[Scott Gruber](#)

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Appendix A-1

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Data current as of 01 Jan 2025	12 Month Rating			Catalyst Watch		
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% of companies in each rating category that are investment banking clients	43%	44%	35%	47%	40%	42%

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