



Caesar's Bullish Positioning Near-Term and Long-Term

Ticker/Price: CZR (\$9)

Analysis:

Caesars (CZR) with the September \$8/\$6 bull risk reversal being bought 1,775X today and then later 38,000 January 2021 \$10 calls bought for \$1.40 in a stock replacement for 2.5M shares of stock. CZR recently has seen 20,000 May 24th (W) \$9.5 calls bought and the September \$9 and \$10 calls with buyers recently. The January \$10 calls also have 30,000 in open interest. Shares have pulled back to cloud support and putting in a strong hammer today. CZR is in a narrow multi-week range under \$9.50 with upside to \$12.50 and a big volume node from 2018. The \$5.87B company trades 0.7X sales and 4X cash with 2-3% sales growth. CZR is benefitting from strength on the Las Vegas strip where visitor metrics and convention attendance is growing. They see catalysts for further traffic growth in 2020 and beyond from the Raiders relocation, new LV convention center expansion, and MSG Sphere. CZR sees sports betting as a major growth engine and now operates 17 sportsbooks including 5 outside of NV and plans to open more this year pending legislation. They've signed partnerships with the NFL and Turner to help grow awareness for their branded app. Analysts have an average target for shares of \$12 with 5 buy ratings and 4 hold ratings. CZR has been an active deal name over the last several months with both Eldorado and Tillman Fertitta actively considering bids, though no decision has been made by CZR to explore a sale yet. Carl Icahn has taken a 15.5% stake in the company is reportedly urging the company to open a bidding process. Institutional ownership fell 25%, largely due to HG Vora selling 34.5M shares. Oaktree bought 10M shares while Icahn has 119.9M shares. Insiders were also active buyers in November/December with over \$800K bought between four different individuals. CEO Frissora bought \$950K in stock in August at \$9.55. Short interest is 19.3%.

Hawk Vision:



Trading Strategy: CZR looks intriguing versus the \$8.40 level on a combination of Insider buying, options flow, and potential M&A optionality.

Confidence Ranking: \$\$