



## Booking Puts Bought on Travel Concerns

Ticker/Price: BKNG (\$1375)

### Analysis:

**Booking (BKNG)** closed weak on 4/8 and the May \$1200 puts were actively bought near \$39 midday for over \$2M as 735 traded on the day. BKNG had a buyer of 200 May \$1500 puts on 3/5 for \$1.6M and also seen some action in April puts at \$1060 and \$975 strikes currently underwater. BKNG shares are -33% YTD and unable to rally much with the recent market move off the lows, shares making a low at a key 2014-2016 timeframe support though the breakdown at \$1600 still has a measured move target back to the \$1000 level and a major long-term uptrend has been broken. The \$57.7B online travel company clearly faces major headwinds with the disruption from COVID-19 bringing global travel to a standstill, although longer-term there likely will be a return to normalcy. Shares trades 12.2X trailing earnings, 3.8X sales, and 12.8X FCF. BKNG does carry a lot of Debt for an Internet company with Debt/Equity at 1.45X and Debt to EBITDA at 1.48X, an operating cash flow ratio of 1.09X. Analysts have an average target of \$1720 and short interest at 3.4% of the float has risen 28% Q/Q. On 4/8 BKNG noted room reservations were down 85% Y/Y and expects a large impairment charge when it reports in May. On 4/1 it was reported that the CEO tested positive for COVID-19. On 3/23 Deutsche Bank cut its target to \$1600 from \$2,225 seeing a less V-shaped recovery by 2021. Cowen cut its target to \$1650 on 3/9 seeing the severity of the situation underappreciated but also sees an eventual buying opportunity on valuation. Hedge Fund ownership fell 3.6% in Q4 filings, notable top concentrated holders include Edgewood, Polen Capital, Stockbridge and Fiduciary Mgmt.

### Hawk Vision:



**Hawk's Perspective:** BKNG has failed to clear \$1425 resistance the last two sessions and that would be a level to be short against, or to look at downside put spreads.

**Confidence Ranking:** \$\$