



FEATURED OPTIONS RADAR REPORT



Bulls Position in Next-Era Energy on Modest Dip

Ticker/Price: TRTN (\$39.70)

Analysis:

Triton (TRTN) with 1,500 April \$40 puts sold to open today for \$5.25, showing confidence in a strong trending name, and most notable trade in the small-cap in a long time. TRTN does have 2,350 December \$40 calls in OI as well as 1,300 January \$35 calls, both opened in calendar spreads with October positioning. Shares have been on a strong run since March and sitting just below a big 5-year breakout above \$42 which has long-term upside to \$55. TRTN debuted in 2016 and ran strong before moving into this range and upside breakout would be a nice continuation of the longer-term trend. The \$2.64B company trades 7.45X earnings, 1.9X sales, and 5X FCF with a 5.3% yield and accelerating top and bottom-line growth. TRTN is the largest container leasing company in the world with a fleet of more than 6M TEU they lease to shipping lines. They have a dominant position in a very fragmented space (they are 60% larger than the number two operator by share in the world) as a leading operator in dry containers, refrigerated, and specialty boxes. TRTN expects to expand into more niche products, leveraging their scale and partnerships to win market share in 2021/2022. They primarily operate off of long-term leases with 80% of revenue tied to multi-year contracts which gives them good visibility on their outlook as well as stable FCF. TRTN saw an immediate impact from COVID as global shipping slowed down but noted in August that their partners are now almost fully operational as the economies re-open in Europe and the US. TRTN noted in July that they've seen utilization over 95% in the recent quarter, down just 50 bps Y/Y. They have a potential catalyst going forward from anticipated sale/leaseback transactions with customers for their containers which would give them cost advantages as well as a more sizable fleet. Analysts have an average target for shares of \$42.50 with BAML at a Street High \$46. They double upgraded shares to Buy from Sell in July noting that TRTN is executing well against a tough backdrop and they remain attractively positioned to capitalize on improving trade and lease rate dynamics. Short interest is 1.2% and down from 3.5% in December 2019. Hedge fund ownership rose 4.35% in Q2.

Hawk Vision:



Hawk's Perspective: TRTN is a relatively unknown bull story and a very interesting strong business moat, and looks ready to continue to new highs.

Confidence Ranking: \$\$