



FEATURED OPTIONS RADAR REPORT



Bloomin Brands Bullish Positions Accumulate

Ticker/Price: BLMN (\$17.25)

Analysis:

Bloomin' Brands (BLMN) with 500 December 2021 \$15 calls bought today for \$5.75 to \$5.80 to open and name which has seen 10,000 April \$15 calls open in the last couple sessions, adjustments out of October. BLMN shares are flagging under \$18 and the September highs ahead of earnings next Friday and short-term measured move to \$22.25. BLMN is back above its major moving average cluster and bullish 55/200 day crossover last week, so plenty of momentum behind it. The \$1.47B company trades 17.75X earnings, 0.41X sales, and 8X cash. They operate under the banner of Outback Steakhouse, Carrabba's Italian Grill, Bonfish Grill, and Fleming's Prime Steak. BLMN has seen a slow but steady recovery this Summer as investments in delivery gave them an advantage early-on during the lockdowns and allowed them to keep 100% of locations open. Analysts have an average target for shares of \$15 with RJF a Street High \$21. The firm has a Strong Buy rating for shares citing strong comps at Outback and improved Brazil operations. Deutsche Bank upgrading to Buy in early September given a clear path to margin recovery in 2021 and unit volumes. They see 40%+ upside in the name but warn patience is warranted given the likely uneven recovery through the Winter. The CEO bought 12,000 shares at \$10 in July and in May the EVP of Casual Dining bought 25,000 shares at \$9.50 to \$10.80. Short interest is high at 14.9% and up from around 6% in the Spring. Hedge fund ownership fell 4.5% in Q2, activist Jana Partners with 5.7M shares and a top holder since 2017. The firm reached a deal with BLMN to expand their board in April and put forward a concrete plan to enhance shareholder value through initiatives like expanded off-premise options, better cost structures, and smarter capital allocation strategies. The company could also reignite asset sale talks after interest last Fall in their Brazilian Outback business.

Hawk Vision:



Hawk's Perspective: BLMN is a cheap name that could be a sneaky winner in the delivery/take-out model, though prefer to stick with the leaders like **CMG, WING, SHAK**.

Confidence Ranking: \$\$