



FEATURED OPTIONS RADAR REPORT



Unusual Call Spreads Open in Aviation Services Play

Ticker/Price: AIR (\$28.90)

Analysis:

AAR (AIR) very unusual options action with 2000 May \$35/\$45 OTM call spreads opening this morning, trading 60X daily calls with earnings expected mid-December. AIR shares have jumped recently closing a key volume pocket from the COVID sell-off. AIR is a diversified provider of products and services to the worldwide aviation and government and defense markets. It says long-term commercial aftermarket growth trends are favorable although there is uncertainty in certain fleet types as commercial operators re-evaluate their structure. AAR operations are affected by the amount of commercial aircraft flying and flight hours. Aviation Services segment provides aftermarket support and services for the commercial aviation and government and defense markets and accounted for approximately 95% of sales. Its sales are split 62% commercial and 38% government. The \$1.05B company trades just 16.6X Earnings, 8X FY22 EBITDA, and yields a 1% dividend. AIR sees revenues rebounding 13% in 2022 and down 16.5% in 2021. Analysts have an average target of \$24 with short interest low at 3.8% of the float. Truist started coverage earlier this month at Buy, and CSFB raised its target to \$27 in September. Hedge Fund ownership jumped 7% in the latest quarter.

Hawk Vision:



Hawk's Perspective: AIR has risen sharply the last two weeks and with the worst likely behind the Aerospace group it could make AIR a potential M&A target, highly unusual options trades in it here.

Confidence Ranking: \$\$