



## FEATURED OPTIONS RADAR REPORT



### Norwegian Cruise Bulls Position for Summer Recovery

Ticker/Price: NCLH (\$21)

#### Analysis:

**Norwegian Cruise (NCLH)** weak today down 4.5% but off the early lows after pricing a 40M share offering at \$20.80/share. NCLH seeing bullish activity today longer term with June 2021 \$20 puts sold to open 1000X at \$4.35 and June 2021 \$27.50 calls with 1500X being bought up to \$3. NCLH has also recently seen June \$22.50 call buys with 4500 now in open interest, the March \$27.50 calls bought 2500X, and over 9000 January 2022 \$20 calls accumulate. NCLH is clearly in a tough period with cruises canceled but brighter times appear ahead with the vaccine release in 2021. Shares are currently consolidating a recent spike above its 8 day moving average and has a large volume pocket from March back to \$40+. The \$5.7B company has always screened as a favorite as a top operator and now trades 1.45X Book and estimates forecast EBITDA getting back to \$1.5B in 2022 making shares quite attractive longer-term. NCLH recently noted positive developments and 2H 2021 and 2022 load factors are in line with historical ranges. It continues to see loyal guests for 2021 bookings. NCLH has reduced its cash burn rate and raised over \$5B in cash since March. It also sees opportunity for margin expansion and has 9 cash-accretive ships on order through 2027. Analysts have an average target of \$20 and short interest has risen to 25% of the float. JPM out last week raising its target to \$25 seeing a solid path to restart operations and pent-up demand setting up for a strong recovery. Barclays upgraded in September seeing the worst behind the industry. Hedge Fund ownership jumped 37% in the latest quarterly filings.

#### Hawk Vision:



**Hawk's Perspective:** NCLH gapped above resistance and now a likely support level, a name that fits for more of a longer term value investment than an options play in my view.

**Confidence Ranking:** \$\$