



## FEATURED OPTIONS RADAR REPORT



### Unusual Upside Call Accumulation in Fortress Infrastructure

Ticker/Price: FTAI (\$16.1)

#### Analysis:

**Fortress Transportation and Infrastructure (FTAI)** with an unusually large trade on 11/2 as 5000 January 2023 \$25 calls bought \$1.65 to open with shares at \$16. FTAI has been seeing elevated activity since September including 2500 July \$20 calls bought to open, 1000 July \$15 puts sold to open, 14,500 February \$20 calls bought on 9/23, 1000 each of the February \$17 and \$18 calls bought, and 1000 December \$18 calls bought. FTAI a name that sold off below \$5 in March and has recovered strongly and now aiming at clearing \$19/20 zone of long-term resistance to new highs. The \$1.45B Company trades 17.4X Earnings, 5.6X FY21 EBITDA and yields an 8.2% dividend with EBITDA growth of 43.9% and 36.6% seen for 2021 and 2022 after rising 126.5% in 2019 and dropping 45% in 2020. FTAI owns high quality transportation and infrastructure assets with a portfolio across aviation, energy, port and rail sectors. FTAI has an industry-leading aviation leasing platform for 80 passenger aircraft and 192 commercial jet engines. The CFM56-5B/7B engine market is the largest market ever with 22,000 engines and in ten years 90% of current engines exit their initial PBH contracts. FTAI's Jefferson Terminal in Texas is one of North America's largest crude oil refining regions. FTAI is also developing the Repauno Port in Philadelphia as a deep-water seaport and logistics hub and the Long Ridge Energy Terminal in the heart of the Marcellus/Utica shale as an industrial port and rail facility. Analysts have an average target of \$22 with short interest low at 2% of the float. Compass Point started shares Buy with a \$25 target in October, and B. Riley at Buy with a \$22 target in September citing attractive valuation/yield and potential positive catalysts from divesting its legacy, lower margin assets. Benchmark in July a mega-bull with a Buy rating and \$37 target seeing FTAI becoming the dominant aircraft jet engine leasing portfolio citing the long-lasting effects of the pandemic on leading/overhaul structures and stressed airlines. Hedge Fund ownership declined 25% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** FTAI is a small cap discovery from a while back, an interesting name though not overly keen on its rail/energy exposure, the aircraft engine leasing angle discussed by Benchmark is eye opening.

**Confidence Ranking:** \$\$