



FEATURED OPTIONS RADAR REPORT



Dave and Busters Activist Play, Top Vaccine Recovery Name

Ticker/Price: PLAY (\$25.65)

Analysis:

Dave and Buster (PLAY) on 12/9 with a massive trade that put on 14,000 January 2022 \$25/\$17.5 bull risk reversals for a \$4.50 debit, and follows an opening sale of 14,000 January 2022 \$17.50 puts back on 11/16 while we have also seen 4500 January \$25 calls bought. PLAY shares are forming a tight weekly flag since the big jump on vaccine news in November and above \$27 can start to work on closing the COVID sell-off all the way back to \$40. The \$1.2B owns and operates entertainment dining venues centered on playing games and watching live sports. PLAY has also been an activist watch name with KKR gaining seats earlier this year pushing for operational changes and PLAY implemented a poison pill in March. CNBC reported in April that PLAY was in talks with private equity firms about a potential stake sale and could result in a buyout firm owning a significant stake. PLAY hit \$1.35B in revenues in 2020 and seen collapsing to \$490M in 2021 before recovering to \$1.4B by 2023. PLAY is likely a major beneficiary of a successful vaccine rollout with people anxious to get back to fun gatherings. PLAY is currently focused on reopening stores while also is implementing mobile kiosks and launching a stronger menu. It is also implementing a strategy for its Wow Walls that can make it a top spot for viewing live sports. Analyst have an average target of \$25 and short interest high at 28% of the float but down 38% Q/Q. Raymond James upped its target to \$35 on 12/2 as a top post-vaccine recovery play and while near-term results will remain volatile, sees normalizing 2021 trends. BMO upgraded to Outperform in October with a \$26 target seeing EBITDA getting back to pre-pandemic levels. Hedge Fund ownership jumped 46% in Q3 filings.

Hawk Vision:



Hawk's Perspective: PLAY has a nice set-up here and the upside/downside still looks positively skewed with potential for a buyout as well as the eventual recovery and likely to emerge with a more profitable model.

Confidence Ranking: \$\$