



## FEATURED OPTIONS RADAR REPORT



### Six Flag Bulls Position for Return to Normal in 2021

Ticker/Price: SIX (\$32.50)

#### Analysis:

**Six Flags (SIX)** spread sells 2000 January 2022 \$25 puts to buy 2000 of the \$35/\$50 call spreads. SIX has seen buyers in the January 2022 \$40 calls recently, over 1000X, while the March \$35 calls and June \$35 calls also with buyers in mid-November. Shares are consolidating the gap higher from the initial Pfizer news and working back above the 20-MA today with a measured move higher of \$40. The \$2.75B company trades 5.4X sales and 12.8X cash with limited near-term debt. SIX is a clear play on the vaccine in 2021 with widespread availability expected right around the start of peak season for the parks. SIX generated strong traffic even under a limited capacity in 2020 and pent-up demand likely drives more next year as people look for outdoor activities without restrictions. SIX has used this year as a time to implement strategic changes to their vision on both the costs side and revenue opportunity side and expects to come out of the pandemic with a much stronger model. They've added new guest experiences, invested in their website and mobile operations, made higher-margin food and beverage options a priority and explored variable pricing models including more single-day passes. In terms of costs, SIX is utilizing more data analysis to help them staff more efficiently while also studying ride productivity and where they can eliminate underperforming attractions. Analysts have an average target for shares of \$25. B Riley with a Street High \$41 on 11/20 noting that investors need to focus on underlying demand trends and the potential return to attendance normalcy in the coming years versus any short-term operating results or park reopening headlines. The firm is increasingly optimistic that theme park companies will generate stronger EBITDA versus pre-COVID periods with the same level of attendance. Short interest is 8.39% but down from around 14% in June. Hedge fund ownership fell 10% in Q3, Thunderbird Partners a buyer of 2.7M shares and activist H Partners remains the top holder with 7.8M shares. SIX saw a lot of size buying from insiders in March around \$29/\$30 and the CEO bought \$500,000 in stock late last year at \$45.

#### Hawk Vision:



**Hawk's Perspective:** SIX putting in a nice candle on the 21-MA today, though a name that was struggling even before COVID, and though like the set-up here and flows, there are higher quality names I am more confident in.

**Confidence Ranking:** \$\$