



FEATURED OPTIONS RADAR REPORT



Bullish Upside Calls Trade in Shake Shack

Ticker/Price: SHAK (\$87.85)

Analysis:

Shake Shack (SHAK) traded 5200 calls on 12-22 which is 3.75X daily average with a focus on March \$110 calls where 3000 traded on the day in the \$2.75 to \$3 range, far OTM. SHAK does not have any other major notable open interest. SHAK had a big breakout on 12/17 and flagging the last few days above its rising 13-day moving average, a strong trend move since August and the \$105 highs from 2019 coming into focus. The \$3.78B company trades 4.8X FY21 EV/Sales with revenues seen rising 40.7% in 2021 after a 12.5% drop in 2020 and one of the more attractive unit growth stories in this industry. SHAK has invested heavily into digital for online ordering and is building out a drive-through service in 2021. Analysts have an average target of \$71 and short interest remains high at 20% of the float. Loop Capital started shares Buy in October citing a bottom in comps and a transformation underway with the pivot to digital and sees several years of unit growth ahead. OpCo out positive in October starting shares Outperform noting unique optionality as its strong unit economics drive the industry's best unit growth story. It sees SHAK expanding its footprint at least 3X and upside to EBITDA margins. SHAK has the highest AUV in the restaurant industry. Hedge Fund ownership rose modestly in Q3 filings, Gilder Gagnon Howe a notable top holder.

Hawk Vision:



Hawk's Perspective: SHAK is my favorite small cap in the industry and only like CMG as a better growth story with WING right there as well. It should see multiple expansion as its SSS ramp in 2021.

Confidence Ranking: \$\$