



FEATURED OPTIONS RADAR REPORT



Put Sale Sees Limited Downside in Leader in Aircraft Leasing Services

Ticker/Price: AAWW (\$75.35)

Analysis:

Atlas Air (AAWW) with a large opening sale on 9/14 with 1,600 November \$62.50 puts sold for \$5.60. AAWW has notable bullish open interest including the January \$57.50, \$55, and \$45 short puts while the November \$80 calls bought on 8/17. Shares are consolidating in a narrow range above yearly value and forming a weekly cup and handle under \$78.50. A breakout targets \$94.50. The \$2.16B company trades 6.4X earnings, 0.60X sales, and 3X FCF. AAWW offers outsourced cargo and passenger aircraft operating solutions for military command, charter brokers, freight forwarders, and direct shippers. AAWW is positioned well to benefit from a shortage in airfreight capacity due to COVID and strong demand for ecommerce. The company has partnerships with UPS, DHL and Amazon and likely continues to see upward pressure on spot rates and pricing strength into 2022. Analysts have an average target for shares of \$88.50 and a Street High \$95. Stifel starting at Buy in June noting that Covid has caused an air cargo supply shock that has pushed rates and utilizations up as well as contract durations out. Truist with a \$95 PT and Buy rating for shares noting that they expect to see a greater reliance on air cargo over at least the next year as the global economy improves and believes Atlas Air should outperform the broader air cargo market over the next several years as it leverages its global reach and benefits from greater e-commerce penetration in developing markets, particularly in Asia. Hedge fund ownership fell 3% last quarter. Hill City Capital a buyer of stock while Greenlight is a top holder with 1.5M shares.

Hawk Vision:



Hawk's Perspective: AAWW sets up great for an extended move out of this current range and should continue to be a nice tangential play on ecommerce growth

Confidence Ranking: \$\$