



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Top Play on Global Travel Recovery Ahead of Earnings

Ticker/Price: AER (\$59)

AerCap (AER) with buyers of 5,250 November \$60 calls for \$2.60 and follows buyers of 800 November \$57.50 calls yesterday and 800 of the December \$62.50 calls on 9/27 for more than \$800K. AER still has 3,000 January \$60 calls in open interest as well from buyers in early August. AER jumped higher in late September out of a multi-week bull flag and now back-testing the rising 21-EMA as it consolidates. A run above \$60-\$61 has room back to the 52-week highs at \$63.50 before breaking out of a big weekly bull flag that measures to \$80. The \$8B company trades 8.1X earnings, 1.85X sales, and 5.7X cash with strong FCF. AER has been benefitting from the recovery in air travel which they noted in September has been faster than expected given underlying demand. They continue to expect strength out of Europe into 2022 and see the pandemic as a major tipping point for airlines to do more leasing activity as they look to add flexibility to their fleet as well as maintain better cash balances on hand. AER sees leasing activity overall crossing 50% of all aircraft at some point in 2024 which will be supportive of long-term growth for the space. The big shift in activity comes at an opportune time for them as well. AER is also on the cusp of closing their transformative deal for GE Aviation Services (GECAS) which will give them an industry-leading position in the market with a broad portfolio of assets, customer reach, and an expansive order book with long-term visibility. Analysts have an average target for shares of \$69 with a Street High \$88. Stephens positive on the name recently continuing to see \$100 per share embedded book value by end of 2022. The firm notes that even without the GE acquisition, a fundamental improvement in aircraft leasing should continue to drive earnings upside. Short interest is 3.2%. Hedge fund ownership fell 4% last quarter but Tran Capital, Empryan and Athanor all notable buyers. Lyrical Asset Management remains a top 5 holder too with 4.7M shares.

Hawk Vision:



Hawk's Perspective: AER is a name we covered mid-Summer right into the 200-MA and setting up well again here against the 21-EMA for a continuation higher while the long-term opportunity in lessor services is growing and the impending GECAS deal can position them well for long-term success

Confidence Ranking: \$\$