



FEATURED OPTIONS RADAR REPORT



Unusual Large Call Buys in Small Casual Dining Leader Bloomin' Brands

Ticker/Price: BLMN (\$30)

Analysis:

Bloomin' Brands (BLMN) large trade on 6/8 bought 4000 October \$30 calls at \$3.40 in a stock replacement and follows a recent buy of 2000 July \$30 calls, opening sale of 1000 January \$25 puts, and the 10,000 December \$15 calls bought for \$5.6M back on 12/11 remain in open interest. BLMN shares are up 500% off the March 2020 lows and +48% YTD, currently flagging in a consolidation pattern and starting to work higher. BLMN has four founder-inspired concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. As of December 27, 2020, BLMN owned and operated 1,157 restaurants and franchised 317 restaurants across 47 states, Guam and 20 countries. BLMN introduced Tender Shack in 2020, a virtual brand that leverages the kitchens of its existing restaurants for cooking and delivery, to certain markets in the U.S. It introduced a similar concept, Aussie Grill, in International markets. BLMN continues to evaluate a strategic review and could sell segments of or the entire company. BLMN is also evaluating ways to cut costs and drive efficiencies. BLMN will face challenges from labor/staffing costs and commodity surges across food categories. BLMN currently has a market cap of \$2.56B and trades 11.75X Earnings, 0.8X Sales and 14.2X FCF. Revenues are expected to jump 28% in 2021 off easy comps and grow 7% in 2022. On its most recent earnings call BLMN noted that sales volumes are now exceeding pre-pandemic levels and its investments in the growing off-premise demand businesses are performing well. Through the first 4 weeks, second quarter U.S. comparable sales were up 12.6% on a 2-year basis versus 2019. Brazil remains a troubled segment and BLMN has previously considered a sale of that business. Analysts have an average target of \$36 and short interest is elevated at 15% of the float. Gordon Haskett upgraded shares to Buy on 5/21, while on 4/30 MKM raised its target to \$41 seeing improvements in the strategic direction.

Hawk Vision:



Hawk's Perspective: BLMN has a nice technical set-up and still looks to be a nice value with at least 30% upside, see a good reason to be involved with these size bullish positions.

Confidence Ranking: \$\$