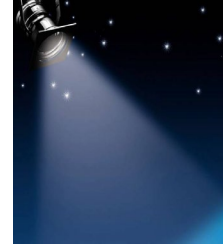


## SPOTLIGHT OPTION TRADE



### Regional Gamer Bottoming with Upside into 2H 2022

#### TRADE SNAPSHOT

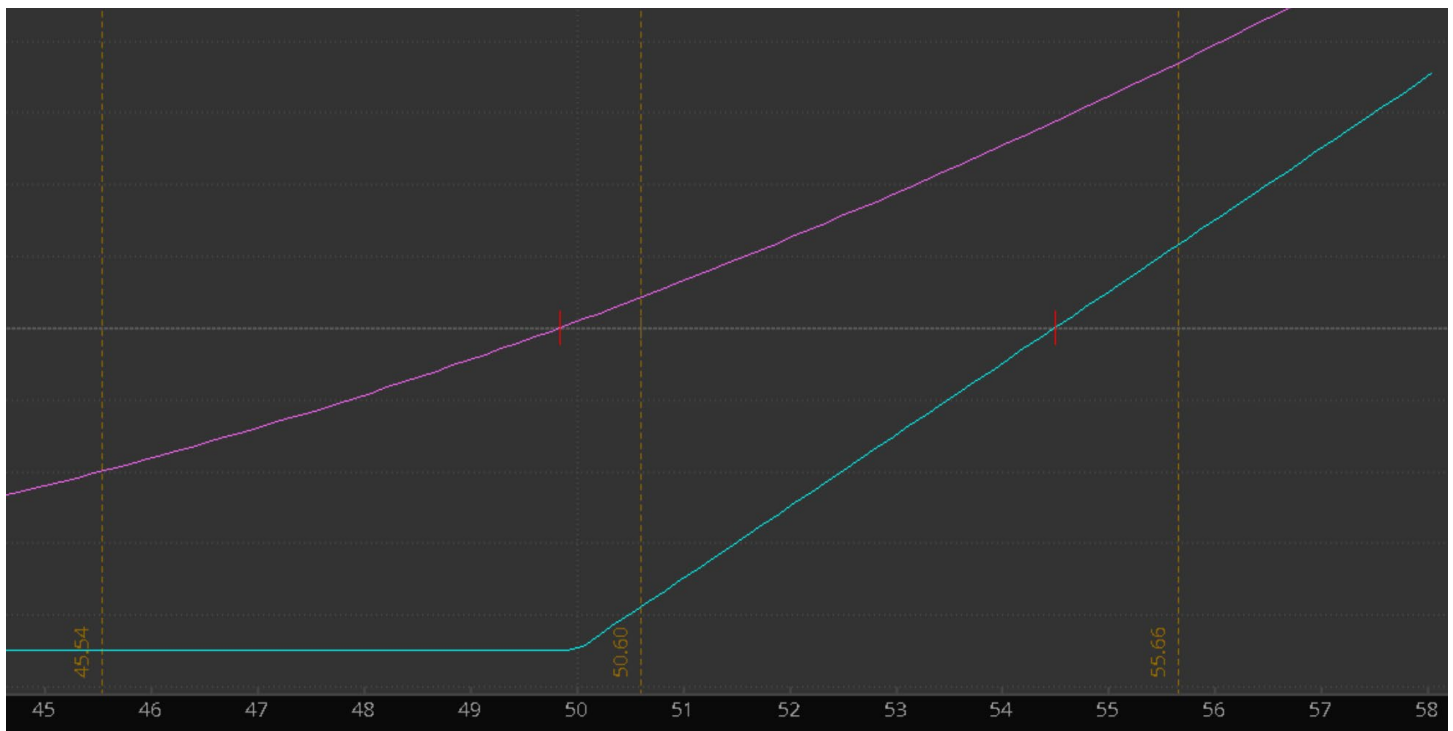
TICKER	CZR
SECURITY	Caesars Entertainment
SECTOR	Consumer Cyclical – Resorts & Casinos
CURRENT PRICE	\$50.60
LONG/SHORT	Long
TARGET	\$58
STOP	\$46
TIMEFRAME	6 Weeks

**Trading Strategy:** Long CZR July \$50 Calls at \$4.50 or Better

**Net Debit/Credit:** Debit \$4.50

**Profitability Zone:** CZR Above \$54.50 on July OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** CZR bottoming pattern and contained under its 21-MA with room to a prior value level of \$58 while the 55-MA near \$64.25 also in reach. CZR recent low came with a bull RSI divergence and weekly MACD working higher for a potential bull cross in coming weeks.



**Fundamental Analysis:** CZR's primary source of revenue is generated by casino properties' gaming operations, retail and online sports betting, as well as online gaming, and utilizes its hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to properties. CZR owns, leases or manages an aggregate of 52 domestic properties in 16 states with approximately 55,700 slot machines, video lottery terminals and e-tables, approximately 2,900 table games and approximately 47,700 hotel rooms. In 2020 CZR struck a key deal for William Hill at the cost of \$3.9B. CZR is coming off a strong quarter with their Las Vegas unit posting an all-time Q1 EBITDA record as consumer trends remain healthy and they remain optimistic about growth in their online casino. CZR has been remodeling their Atlantic City hotel ahead of the busy summer season while their project in Lake Charles remains on track for Q4. CZR no has a market cap of \$9.65B and trades just 2.5X FY23 EBITDA with a three-year forward CAGR outlook for revenues of +6.5% and EBITDA of +18.4%. One main concern with CZR is its leverage at 8.8X Debt/EBITDA at the close of 2021 and ended last quarter with \$14.3B in debt. CZR will close the sale of William Hill's international business in June and use the proceeds to reduce debt while it expects an acceleration to debt reduction from strong FCF and further asset sales. CZR's CEO and Director bought \$1.6M in stock in March around \$68-\$71.50 per share and a different Director bought \$960K in stock at \$60.12 on 5/10. Analysts have an average target of \$105 and short interest is 6.5% of the float. Jefferies a buyer into weakness in a 5/4 note with a \$121 PT. The firm thinks The Las Vegas Strip should have an outstanding year, regional trends remain positive despite noise and more important for the stock are incremental datapoints on digital that are confirming the path to profits. B Riley with a \$149 PT for shares. They think the Street underappreciates the structural out-of-COVID 2022 gaming and hospitality catalysts underway at Caesars. In addition, the company has significant, near-term deleveraging events and transformative, visible, multi-year growth from online gaming.

### Options Activity:

Date ▾	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium ▾	Last	Current OI	▲ Price
06-03-2022	CZR	CZR 100 15 JUL 22 40 PUT	1,002	267	\$0.85	-0.13	69.26%	\$85,170	\$0.85	267	▲ 0%
06-02-2022	CZR	CZR 100 15 JUL 22 50 CALL	4,560	2,138	\$5.18	0.60	62.14%	\$2,371,200	\$4.55	6,406	▼ 12.16%
06-02-2022	CZR	CZR 100 15 JUL 22 60 CALL	4,548	716	\$1.37	0.26	56.54%	\$682,200	\$1.09	4,875	▲ 20.44%
06-02-2022	CZR	CZR 100 16 SEP 22 60 CALL	1,002	1,417	\$3.93	0.39	60.14%	\$400,800	\$3.45	2,093	▼ 12.21%
06-02-2022	CZR	CZR 100 16 SEP 22 70 CALL	1,966	134	\$1.64	0.21	56.99%	\$322,424	\$1.36	1,853	▲ 17.07%
06-02-2022	CZR	CZR 100 16 DEC 22 70 CALL	665	92	\$3.6	0.31	59.38%	\$239,400	\$3.53	706	▼ 1.94%
05-31-2022	CZR	CZR 100 (Weeklys) 10 JUN 22 48 PUT	1,600	218	\$1.3	-0.33	71.48%	\$246,400	\$0.79	1,826	▲ 39.23%
05-27-2022	CZR	CZR 100 17 JUN 22 53 CALL	2,028	40	\$2.58	0.46	63.93%	\$523,224	\$1.4	1,318	▼ 45.74%
05-26-2022	CZR	CZR 100 16 SEP 22 55 CALL	1,218	371	\$6.02	0.49	68.06%	\$730,800	\$5.1	1,677	▼ 15.28%
05-26-2022	CZR	CZR 100 (Weeklys) 10 JUN 22 50 CALL	2,002	62	\$2.8	0.52	72.09%	\$620,620	\$2.04	1,501	▼ 27.14%
05-26-2022	CZR	CZR 100 17 JUN 22 48 PUT	1,136	7	\$2.47	-0.35	73.92%	\$280,592	\$1.41	502	▲ 42.91%
05-25-2022	CZR	CZR 100 20 JAN 23 55 CALL	20,551	106	\$6.1	0.46	65.68%	\$12,844,375	\$8.25	21,172	▲ 35.25%
05-25-2022	CZR	CZR 100 16 SEP 22 60 CALL	1,203	523	\$2.49	0.28	66.18%	\$299,547	\$3.45	2,093	▲ 38.55%
05-24-2022	CZR	CZR 100 16 SEP 22 50 CALL	2,604	191	\$4.8	0.45	70.92%	\$1,236,900	\$7.25	2,587	▲ 51.04%
05-24-2022	CZR	CZR 100 19 JAN 24 70 CALL	1,000	71	\$7.22	0.42	59.83%	\$730,000	\$7.99	1,120	▲ 10.66%
05-24-2022	CZR	CZR 100 19 JAN 24 80 CALL	1,000	777	\$5.24	0.35	58.67%	\$560,000	\$7.5	1,727	▼ 43.13%
05-24-2022	CZR	CZR 100 19 JAN 24 50 CALL	420	17	\$13	0.60	63.57%	\$516,600	\$15.1	436	▲ 16.15%
05-24-2022	CZR	CZR 100 15 JUL 22 50 CALL	2,110	3,655	\$2.31	0.34	69.6%	\$487,410	\$4.55	6,406	▲ 96.97%

**Potential Catalysts:** No Scheduled Events; William Hill Sale Closing; Further Asset Sales

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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