



FEATURED OPTIONS RADAR REPORT



Caesars Call Spreads Target Return to New Highs As Vegas Momentum Picks Up

Ticker/Price: CZR (\$96.50)

Analysis:

Caesar's (CZR) second day of bull flow with 1000 August \$110/\$125 call spreads bought into early weakness and later 1000 August \$100/\$115 call spreads bought to open. CZR has seen some large bull spreads open recently including 2000 December \$100/\$130 call spreads for \$9.50 on 6/29, 7,500 January \$100/\$130 call spreads for \$11.55 on 6/22, and 4,400 January \$100/\$130 call spreads bought for \$10.35 on 6/18. Shares have pulled back to April VPOC this week and bouncing a bit today, a big area of support around \$95. CZR is also near channel support from the November lows and run back higher targets a move to \$120. The \$20.65B company trades 43.6X earnings and 4.4X sales. CZR is guiding to 20% revenue growth in FY22 and 36% growth in EBITDA as they integrate the Eldorado deal and see a return to normalcy for capacity and attendance in Vegas. The company has seen occupancy trends improve every month since March while weekends have been sold out 'into the foreseeable future.' They expect business travel to pick up into the 2H which will be a driver for groups, convention business, and entertainment offerings and likely boost incremental demand for weekday offerings. CZR also continues to aggressively pursue regional expansion and market share gains for their sports betting product into the Fall which should be a big period for sports overall. Analysts have an average target for shares of \$103 with a Street High \$134. JP Morgan positive on 6/10 citing the positive trajectory and operating momentum for Las Vegas Strip operators with multiple catalysts ahead including Q2 earnings and better second half guidance into the football season which should be a seasonally strong period for the U.S. sports betting operators across the board. Short interest is 5.5%. Hedge fund ownership fell less than 1% in Q1.

Hawk Vision:



Hawk's Perspective: I tend to prefer **MGM** overall in the space, but **CZR** has held up well relative to peers and remains a solid play that should benefit from the return of big entertainment and business travel to Las Vegas

Confidence Ranking: \$\$