



Speculative Upside Calls Bought in DHT Holding

Ticker/Price: DHT (\$7)

Analysis:

DHT Holding (DHT) working on reversal off key support and 12,000 March \$8 calls bought \$0.40 to \$0.45. DHT is a name with a lot of size in April call open interest, the \$7 and \$8 calls each with 9000X and the \$9 calls with over 19,000 after 13,000 added on 1/17. Shares pulled back to a 38.2% retracement of a big 2019 move and looking to base at key value support. The \$1.05B crude oil tanker company trades 6.8X EV/EBITDA with a 2.79% yield and fairly strong balance sheet, based in Oslo and next reports in early February. Forecasts are calling for EBITDA growth to finish 2019 at 120% and to follow that up with 55% growth in 2020. DHT did a secondary offering at \$6.90/share in November. DHT is a pure VLCC play with best in class cost structure. VLCC rates have always been very volatile and recently have come down 40%, and AXS Marine noted hire rates remain healthy but there is some unwinding in rates. Tanker rates often soften in Q1 and are coming down off a historic Q4. Analysts have an average target at \$9 and short interest is 7.4% of the float, rising 71% Q/Q. Analysts have been quiet lately in the name while Hedge Fund ownership rose 9.45% in Q3 filings.

Hawk Vision:



Hawk's Perspective: DHT is clearly a more speculative name and is putting in a trade against candle today, the Tanker names often run in unison and have to keep an eye on rates, while **STNG** tends to be our preferred way to play the group.

Confidence Ranking: \$\$