



FEATURED OPTIONS RADAR REPORT



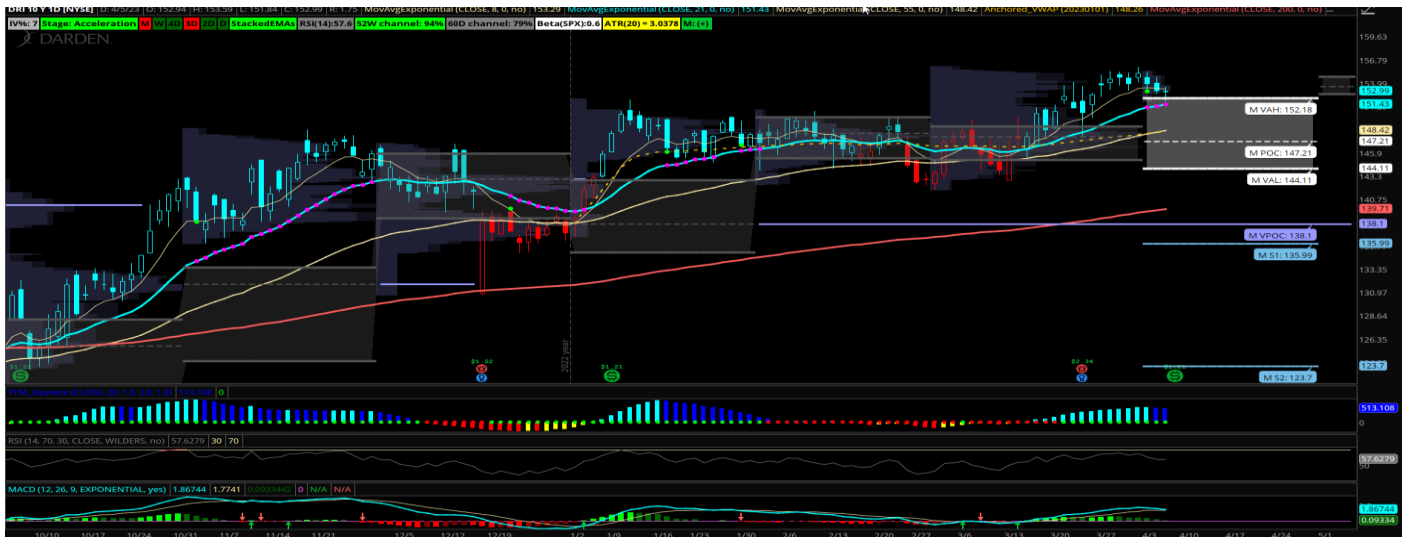
Restaurant Operator in Strong Trend Sees Bullish Flow Continue

Ticker/Price: DRI (\$152.95)

Analysis:

Darden Restaurants (DRI) on 3/30 saw a large buyer of 750 January \$165 calls bought at \$9.50 into strength and over \$735K total. This was followed by a 4/4 buyer of 650 May \$150/\$160 call spreads bought for \$5.00. DRI also has 1600 May \$135 short puts in OI from opening sellers on 3/20 at \$2.25 and the Jan \$120 short puts holding 1000x from sellers on 2/1 at \$5.50. Shares have been strong in 2023 and coming off a solid end to last year after bottoming near the 110 level in June of last summer ahead of the markets in Oct and up 50% now nearly since the lows. DRI has strong support at 151 being the 21 EMA and then YTD VWAP just below at 148. Resistance is nearing at 157 which is all time high from 2021 and likely the next target on the way to the 1.272% fib extension at 170. The \$18.5B company trades at 17.7x earnings, 1.8x sales, an FCF yield at 5.7% with a dividend yield of 3.4% while revenue is expected to grow +9% in FY23 and growth estimated at +6% in FY24. Darden Restaurants is a full-service restaurant company. The Company operates through four segments: Olive Garden, LongHorn Steakhouse, Fine Dining and Other Business. The Company owns and operates approximately 1,867 restaurants through subsidiaries in the United States and Canada. DRI is coming off a strong quarter with the robust EPS beat and strong comps being the main highlights. On the call, DRI noted that OG and LS set new all-time weekly sales records during the holidays, only to break them during Valentine's week. Its restaurants continue to be well-staffed and manager staffing remains at historic highs. Its internal guest satisfaction ratings remain exceptionally strong. Average analyst target is \$163. BAML raised its target to \$172 and keeps a Buy rating saying Darden's strategy of underpricing peers is the right one for the current environment and will prove increasingly important as the industry will have less price to rely on to drive comps in the coming quarters. The firm thinks Darden's guidance for 3%-5% same-restaurant growth in Q4 could prove conservative. Keybank has a Overweight and upped their target to \$170 last week citing better-than-expected EPS, EBITDA, and same-store sales growth across each of its major segments. Store-level margins also exceeded consensus forecasts despite an uptick in commodity inflation during the quarter. Short interest is at 2.2%. Hedge fund ownership rose 14%.

Hawk Vision:



Hawk's Perspective: DRI is a name in a great trend and any dips to the rising 21 EMA are ideal entry points as it looks like new all time highs are coming. Using the May 150/160 call spreads at \$4.75 are a simple way to play.

Confidence Ranking: \$\$