



## FEATURED OPTIONS RADAR REPORT



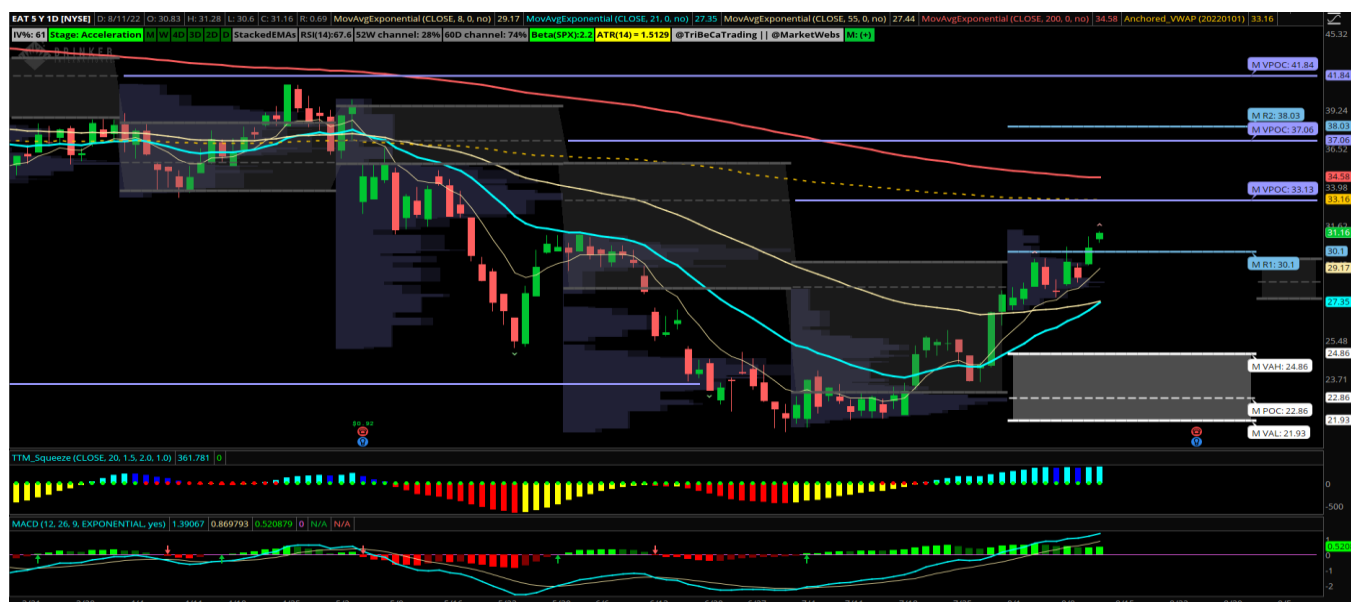
### Casual Dining Name Sees Bearish Flow Ahead of Earnings

**Ticker/Price:** EAT (\$31.15)

#### Analysis:

**Brinker Int'l (EAT)** on 8/8 saw an unusual put buyer of 1060 September \$30 puts at \$2.35 and this follows last month's large buy of 3,900 October \$20/\$15 put spreads at about \$1.40, over \$500k bought in a name that does not get much options action most of the time. Earnings are due on 8/24 and these flows might be looking for the stock to pull back off the recent rally as consumer discretionary and retail still faces challenges into the end of summer. Shares are back over 30 after bottoming out near the 22 level in July which was a key VPOC from 2020 providing support. The stock now rallying back to 21-week EMA and the YTD VWAP just overhead at 33 likely some stiff resistance on the initial test. EAT is also seeing a 21/55 EMA bull cross as both moving averages converge near 27 so a potential support zone down there on a move lower into earnings. The \$1.3B company trades 8.0x earnings, 0.6x EV/sales, FCF yield of +14.0% and a dividend yield at 4.4%. Revenues are expected to grow +14% in FY22 and +5% growth in FY23 estimated. Brinker is an owner, operator and franchisor of the Chili's Grill & Bar and Maggiano's Little Italy restaurant brands, as well as certain virtual brands, including Its Just Wings. In May the company announced a new CEO, Kevin Hochman, who comes from Yum Brands where he led KFC US. Average analyst target is \$39 with a Street high of \$67 and low of \$26. Goldman downgraded the stock on 7/18 to Neutral from Buy and slashed its price target to \$28 from \$46 citing greater risk for same-store-sales trends at both Chili's and Maggiano's to decelerate as the macro environment deteriorates. In addition, incremental gains from Brinker's digital brands, It's Just Wings and Maggiano's Italian Classics, may be harder to achieve in a more cost-sensitive environment for consumers and they expect the stock could be volatile as estimates reset. Morgan Stanley also lowered its target to \$26 recently from \$37 and expected softening sales as consumers face rising pressures. On average, they cut restaurant full-service estimates by 5% for 2022 and 11% for '23 and cut fast casual estimates by about 2% in each year. Short interest is at 11.9% and has risen 23% in the last 3 months. Hedge fund ownership fell 1.4%.

#### Hawk Vision:



**Hawk's Perspective:** EAT has bounced a long way so potential to see a reversal candle near YTD VWAP at 33 with close above 200 EMA at 34.50 being a stop level if shorting.

**Confidence Ranking:** \$\$