



FEATURED OPTIONS RADAR REPORT



Call Buyers See Value in Infrastructure Play with New Management

Ticker/Price: FLR (\$16.94)

Analysis:

Fluor (FLR) unusual trade on 7/9 bought over 15,000 August \$17.50 calls to open at \$1.15 and follows some recent opening put sales at the \$15 strike in October and January. FLR has also seen unusual October calls bought with nearly 12,000 of the far OTM \$25 calls and 4800 of the \$17.50 calls. FLR last week sold off and took out its 2021 lows before putting in a reversal hammer candle off the lower weekly Bollinger Band. Shares still have plenty of overhead resistance at \$17.75, \$18.75 and \$19.55 with earnings expected on August 6th. Fluor Corporation is a holding company that owns several subsidiaries, as well as interests in joint ventures. FLR is one of the largest professional services firms providing engineering, procurement, construction, fabrication and modularization, operations, maintenance and asset integrity, as well as project management services, on a global basis. FLR operates in six segments: Energy & Chemicals; Mining & Industrial; Infrastructure & Power; Government; Diversified Services; and Other. In January FLR introduced its new strategy "Building a Better Future" focusing on growth in markets outside of oil & gas, pursuing reimbursable contracts, financial discipline, and a move into new segments. FLR is focusing an effort on green energy via building carbon capture facilities, upgrading the efficiency of refining facilities, and hydrogen fuel handling capabilities. FLR has a market cap of \$2.22B and is trading 6X FY22 EBITDA with revenues seen down 15% in 2021 and rebounding 6.8% in 2022 while EBITDA seen jumping 541% in 2021 and 63% in 2022. Management sees the potential for \$3+ EPS by 2024 and though FLR historically carried low operating margins of 3.8% on average, potential to grow to above 5% with new initiatives. Management also hinted at two acquisitions in technology. Analysts have an average target of \$22 with short interest elevated at 8.5% of the float. Barclays raised its target to \$27 in May giving the company credit on the portfolio transition and better execution while end-markets are starting to recover.

Hawk Vision:



Hawk's Perspective: FLR is a pure value play and turnaround story and if management can hit its goals we have a stock that should double over the next few years. Upside calls are cheap and FLR has a lot of potential catalysts to drive a move higher into its next earnings call.

Confidence Ranking: \$\$