



FEATURED OPTIONS RADAR REPORT



Unusual Call Buys in Residential Waste Company

Ticker/Price: GFL (\$31.5)

Analysis:

GFL Environmental (GFL) is a name with minimal options action but has seen 3500 February \$30 calls open and on 1/6 the April \$30 calls opened 2000X for \$640K. GFL shares are forming a nice bull flag riding the 21-MA higher and already sitting just above VWAP off the 2021 highs while \$33.40 a 50% retracement move. The larger pattern can play out to upside over \$40. GFL is the fourth largest diversified environmental services company in North America, as measured by revenue and North American operating footprint. Key characteristics of our industry include relative recession resistance, high visibility of waste volumes, a stringent regulatory framework, high capital intensity to achieve scale and significant fragmentation which, in turn, has led to strong consolidation activity. GFL derives approximately 57% of revenue from U.S. operations and 43% of revenue from Canadian operations. GFL Renewables is a new platform focused on developing renewable natural gas projects at our municipal solid waste landfills. GFL has a market cap of \$13.7B and trades 12X EBITDA with a 6% FCF yield and revenues seen rising 9.3% in 2023 with 18.7% EPS growth. GFL has been executing well and has delivered the balance sheet while reducing its cost of debt. It is also still in the early stages of optimizing its strategic network. Analysts have an average target of \$37 with short interest at 6.4% of the float. Jefferies started coverage in October as a multiple catch-up story with a solid track record of above-average pricing, M&A execution with higher returns as it builds density, and deleveraging. BAML upgraded to Buy in October seeing an improving financial backdrop and cleaner story emerging.

Hawk Vision:



Hawk's Perspective: GFL has a great chart set-up here and trades at attractive levels with an improving margin story.

Confidence Ranking: \$\$