



FEATURED OPTIONS RADAR REPORT



Bulls Position in Hotel Operator After Transformational Year

Ticker/Price: H (\$96.35)

Analysis:

Hyatt (H) buyers of the May \$100 calls for \$6.20 this morning, 850X into the pullback to the 55-MA this week. Hyatt has seen buyers recently in the August \$95 calls, May \$105 calls, and March \$95 calls in size. Shares have traded well since the September lows and large rising channel targets \$110+ on a move higher. The bigger timeframe bull trend is also at an important spot with shares looking to breakout above \$100 and make a run to \$130 as it clears the pre-pandemic range. The \$10.5B company trades 53X earnings, 3.5X sales, and 8.8X cash. Hyatt is coming off of a transformational year after their deal for Apple Hospitality while reshuffling their portfolio towards more fee-based earnings and focusing on how to best position for the recovery in travel demand into 2022 and beyond. The company has been shifting more of their mix towards leisure travel with the ALG deal and now expected to be 52% of all revenue at full recovery versus 45% prior and they're pulling forward room growth plans to take advantage of an unprecedented travel demand environment. Hyatt is also targeting more of the high-end consumer with the number of luxury rooms doubled since 2017 and lifestyle and resort offerings up more than 3X. Analysts have an average target for shares of \$90 with a Street High \$111. Wells Fargo raising estimates on 2/22 noting that they expect business transient and group demand to continue to recover in 2022, notably driving higher end hotels for which Hyatt has the largest exposure, with leisure remaining at elevated levels. The firm also thinks its newly acquired Apple Leisure is pacing well to surprise to the upside over the next few years. Short interest is 7%. Hyatt saw a big insider buy in December, too, with the CEO of Apple Leisure buying \$2M in stock at \$83.25 to \$83.50.

Hawk Vision:



Hawk's Perspective: H is a great, somewhat underfollowed story within the space and like how they've positioned themselves to capitalize on the huge underlying trend towards leisure travel and experiences while the business recovery becomes a further tailwind into year-end, a nice setup here for a run back above \$105+

Confidence Ranking: \$\$