



FEATURED OPTIONS RADAR REPORT



Call Buyers in Hotel Operator Target Boost in Luxury Leisure Travel

Ticker/Price: H (\$73.50)

Analysis:

Hyatt Hotels (H) with 2000 November \$75 calls bought for \$4.90 to \$5.50 as shares rebound from the post-earnings lows. Hyatt has been popular with put sales including the January \$70 puts sold to open 2000X in June and sellers in the October \$85 and \$75 strikes earlier this year. Buyers have been active in the October \$90 calls as well. Shares are forming a wide weekly bull wedge under \$80 and back at trend support off the 2020 lows this week. The longer-term channel from those lows has room up to \$100. The \$7.83B company trades 5.2X sales and 4.8X cash with expectations to return to profitability in FY23 at \$1.25/share. Hyatt reported a mixed quarter this week but optimism around improving travel trends with REVPAR in July back to 75% of 2019 level, especially around leisure travel. They continue to position themselves well for a surge in demand for travel as vaccination rates improve and borders reopen which will help boost their business outside of the US which has lagged. Hyatt continues to invest in their lifestyle properties with unit growth tripling since 2018 and they continue to see opportunity to expand their resort presence, especially as trends in travel shift. They also see themselves growing share within the luxury segment, a space which has bounced back more quickly than other areas of travel, and they should see an acceleration with the launch of High Prive, their luxury travel adviser program. Analysts have an average target for shares of \$63 with a Street High \$90 from Evercore citing their best-in-class unit growth and liquidity. Berenberg cautious on the name recently given the strong run up in shares but thinks the current enthusiasm for recovery trades, the long-term structural growth characteristics of the industry and Hyatt's potential disposal of some properties are likely to support the shares in the short term. Short interest is 3.63%. Hedge fund ownership fell 12.5% in Q1, Victory Capital, Waterfront Capital and Samlyn all buyers.

Hawk Vision:



Hawk's Perspective: H price action has been uninspiring lately with the concerns around delta variant currently but above \$80 can make a nice move and like how they're positioning themselves into the luxury segment more, an area that's likely more resilient to trends

Confidence Ranking: \$\$