



## FEATURED OPTIONS RADAR REPORT



### Massive Bull Trade Sees Further Upside in Leisure Travel Leader

Ticker/Price: HLT (\$138)

#### Analysis:

**Hilton (HLT)** on 5/24 with a large adjustment out of June calls that bought 35,000 October \$120 calls for \$79M and also has 2200 January \$145 calls bought in open interest and 1000 January \$125 calls while \$150 and \$160 strike calls in January were sold to open. HLT shares are +9% YTD but have dipped recently to an optimal entry point of trend support off the October lows and the rising 200-MA as well as a key VPOC near \$136.50. A near-term move over \$141.5 can test upper value at \$145 and potentially a key rang breakout over \$148.50. Hilton is one of the largest hospitality companies in the world, with 6,478 properties comprising 1,019,287 rooms in 119 countries and territories. HLT is a capital-light company that generates its revenue primarily from fees charged to hotel owners under management and franchise contracts, as well as from fees associated with license agreements. HLT has long been our best-in-class play for Hotels and is positioned well for the ongoing recovery in travel with improving booking trends. Leisure trends remain strong with RevPAR surpassing 2019 by approximately 15%, ahead of prior quarter performance. Hilton Honors grew to more than 158 million members, a 19% increase year-over-year and remains the fastest-growing hotel loyalty program. HLT has a market cap of \$37B and trades 20.6X Earnings, 3.95X Sales and 24X FCF with revenues seen rising 13.2% this year along with 20.7% EPS growth. Europe/UK/Asia strengthened over March/April on both occupancies and room rate relative to 2019, but US occupancy sequentially weakened. Tighter credit markets are an area of concern, with regional bank lending key for US hotel development. Hilton has some upside earnings drivers coming as well with it set to spinoff the timeshare business and sell more company-owned hotels. Analysts have an average target of \$155 with short interest low at 1.4% of the float. Truist raised its target to \$165 noting Hilton is best positioned in the group for the US development pipeline.

#### Hawk Vision:



**Hawk's Perspective:** HLT is a high-quality favorite and the recent dip is likely on unwarranted fears providing optimal entry for upside call spreads or for owning shares against the recent low.

**Confidence Ranking:** \$\$