



FEATURED OPTIONS RADAR REPORT



Large Call Buys Accumulate in Global Hospitality Leader

Ticker/Price: HLT (\$126.85)

Analysis:

Hilton Worldwide (HLT) rallying with the reopening & travel names this week in hopes of the FDA approved vaccine leading to a higher vaccination rate with many companies now mandating the vaccine. HLT on 8/20 with a massive trade that bought 15,000 November \$120 calls to open for \$14M, adjusting out of the October \$125 calls, and also has 10,000 January 2023 \$130 calls in open interest from buyers on 7/19 and 8/3. HLT also still has a seep ITM October \$110 calls position in open interest from 4/12 with 34,000 now in OI valued over \$50M. HLT shares bounced right at the rising 200-day moving average into weakness last week and now back near the upper end of a multi-month range. Also, similar to related plays, HLT in mid-July retested the early 2021 flag breakout and 2020 high where it rebounded and now back above the VWAP off January lows. HLT can target a move to \$145 out of this range. 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. HLT has a market cap of \$35B and trades 30.25X Earnings, 18.5X FY22 EBITDA and 5.3X FY22 EV/Sales. HLT forecasts see EBITDA rising 83.7% in 2021 and 50.5% in 2022 working back to above pre-pandemic levels. HLT delivered solid trends last quarter nearly getting back to 2019 levels across key metrics and has a strong development pipeline. Analysts have an average target of \$135 with short interest low at 3.4% of the float. Argus raised its target to \$154 earlier this month expecting rising room demand and higher RevPAR/management fees and is also positive on the loyalty program. Raymond James raised its target to \$135 in My positive on the asset light, fee-driven model with a long runway for strong results coming out of the pandemic. Pershing Square has a \$1.54B stake as a top holding while Winslow and Melvin also top holders though each reduced last quarter.

Hawk Vision:



Hawk's Perspective: HLT is our top name in the space though still plenty of risks with COVID variant disruptions, and ran right up into resistance here, so would like to see some sideways consolidation before a leg higher.

Confidence Ranking: \$\$