



FEATURED OPTIONS RADAR REPORT



Hilton Bull Sees Positive Momentum Continuing as Travel Recovers

Ticker/Price: HLT (\$125.3)

Analysis:

Hilton (HLT) with a massive trade to start the week as 25,000 October \$110 calls were bought at \$19.20 as the April \$80 calls sold for \$42.90 which we covered with an in-depth write up on 10/21 when they bought for \$15.45. HLT also saw buyers of 1400 January \$125 calls on 4/12 and this large bullish position is betting on further upside in shares. HLT shares have been consolidating since a strong move 2-18 to 2-24 with a weekly bull flag forming and a measured move target up around \$145 while the 138.2% Fibonacci extension target of the COVID-correction is near \$141.50. The \$34.6B hotel operator trades 32.6X Earnings, 8X Sales and 55X FCF with revenues seen rising 41.5% in 2021 and 39% in 2022 with EBITDA growth of 71.5% and 52.5% respectively. 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. Last quarter management highlighted sequential upticks in leisure, corporate and group bookings for 2H21. Hilton's development pipeline came in slightly smaller than last quarter at 397k rooms vs 408k, including 204k rooms under construction vs. 217k last quarter. HLT lowered the weighted average cost of debt to 3.6% in its latest refinancing, which also extended the average maturity by nearly one year with no maturities until 2024. Analysts have an average target of \$121 and short interest is at 3.3% of the float. HLT will next report on 5-5. Baird raised its target to \$128 on 3/22. Hedge Fund ownership fell 6% in Q4 filings, Pershing Square the top holder while D1 Capital Melvin, and Viking Global also top holders.

Hawk Vision:



Hawk's Perspective: HLT should continue to benefit from positive fundamentals coming out of the correction and is a preferred name in Leisure with a great set-up for a run to \$145-\$150.

Confidence Ranking: \$\$