



## FEATURED OPTIONS RADAR REPORT



### Bulls See Box Office Recovering with IMAX to Benefit

Ticker/Price: IMAX (\$20.8)

#### Analysis:

**IMAX Corp (IMAX)** on 5/19 with a large late day purchase of 6000 January 2023 \$25 calls for \$3.70 offer, positioning for long-term upside and a name lacking any other notable open interest. IMAX shares have run up since the November vaccine news but the last few weeks basing on the rising 21-week moving average and \$22 and \$24 key levels to clear. IMAX has been making lower highs since its 2015 peak and above the 2021 highs would inflect the trend as well as get back above VWAP from those highs. The 2021 high was right at a 50% retracement while \$29.40 is the next retracement level at 61.8%. IMAX is one of the world's leading entertainment technology companies, and top filmmakers and movie studios utilize the cutting-edge visual and sound technology of IMAX to connect with audiences in innovative ways. As of December 31, 2020, there were 1,650 IMAX Theater Systems operating in 84 countries. The Company has developed IMAX DMR, a proprietary technology that digitally remasters Hollywood films into IMAX formats. IMAX currently has a market cap of \$1.2B and trades 22X Earnings, 10X FY22 EBITDA and 5.8X FY21 EV/Sales with \$268M in cash. Forecasts see revenues rising 66% in 2021 and another 56% in 2022 as it rebounds from the pandemic. IMAX has been positive lately on early trends in China and has been expanding in that region. IMAX was able to survive the downturn and improve its cost structure while preserving the balance sheet making it very nimble and able to bounce back quickly as the box office recovers. IMAX is also exploring ways to leverage its brand and technology for in-home entertainment and the streaming market. Through IMAX Enhanced, they optimized blockbuster content for in-home consumption and provide the best movie experience outside the theater. IMAX is currently searching for a new CFO. Analysts have an average target of \$25.50 on shares with short interest at 7% of the float. Macquarie raised its target to \$30 on 4/30 citing the return of Hollywood and its premium brand and global diversification. Wedbush upgraded to Outperform with a \$26 target on 4/23 citing pent-up demand for out-of-home entertainment being seen in Asia is likely to carry over to Europe and the US.

#### Hawk Vision:



**Hawk's Perspective:** IMAX should post very strong numbers the next two years and re-rate higher while the chart also sets up well versus the March lows, a good reward/risk here in my view.

**Confidence Ranking:** \$\$