



## FEATURED OPTIONS RADAR REPORT



### Jack in the Box Bulls Target Investor Day Update

**Ticker/Price:** JACK (\$115.50)

#### Analysis:

**Jack in the Box (JACK)** with 1,500 July \$115/\$105 bull risk reversals opening for \$3.25, spot where 1,000 opened recently and follows buyers of more than 2,000 June \$115 calls on 6/1. Shares have been in a strong longer-term trend and forming a nice base lately above March and April VPOC. A move above the 21-day at \$115.50 and range extension targets \$120 and then a longer-term measured move to \$140. The \$2.5B company trades 16.44X earnings, 2.3X sales, and 27.7X cash with a 1.5% yield. JACK is projecting mid-single digit growth through FY23. JACK has been executing well on a series of growth initiatives launched recently including menu revamps and more digital/tech integrations. The company also is expanding their ghost kitchen footprint to eight locations which they hope will help drive their digital channel growth. JACK noted in May they've seen better traffic with dine-in restrictions lifted in some key markets like Texas and a higher mix of premium entrees on tickets while average check jumped 20% in Q2 as party sizes grow. The company will host an Investor Day on June 29 where the focus will likely turn to accelerating unit growth and expansion. Analysts have an average target for shares of \$120 with a Street High \$140 from Wells Fargo. The firm out positive on 5/13 citing their multi-layered, idiosyncratic initiatives that drove same-store sales out-performance and confident that these drivers will continue to resonate with guests. Hedge fund ownership fell 17% in Q1.

#### Hawk Vision:



**Hawk's Perspective:** JACK above \$116 can be a nice mover back towards recent highs and they have a clear-cut catalyst for these spreads but overall prefer other names in the casual space longer-term

**Confidence Ranking:** \$\$