



FEATURED OPTIONS RADAR REPORT



Toy Designer Sees Unusual Bullish Risk Reversals Open

Ticker/Price: MAT (\$18.01)

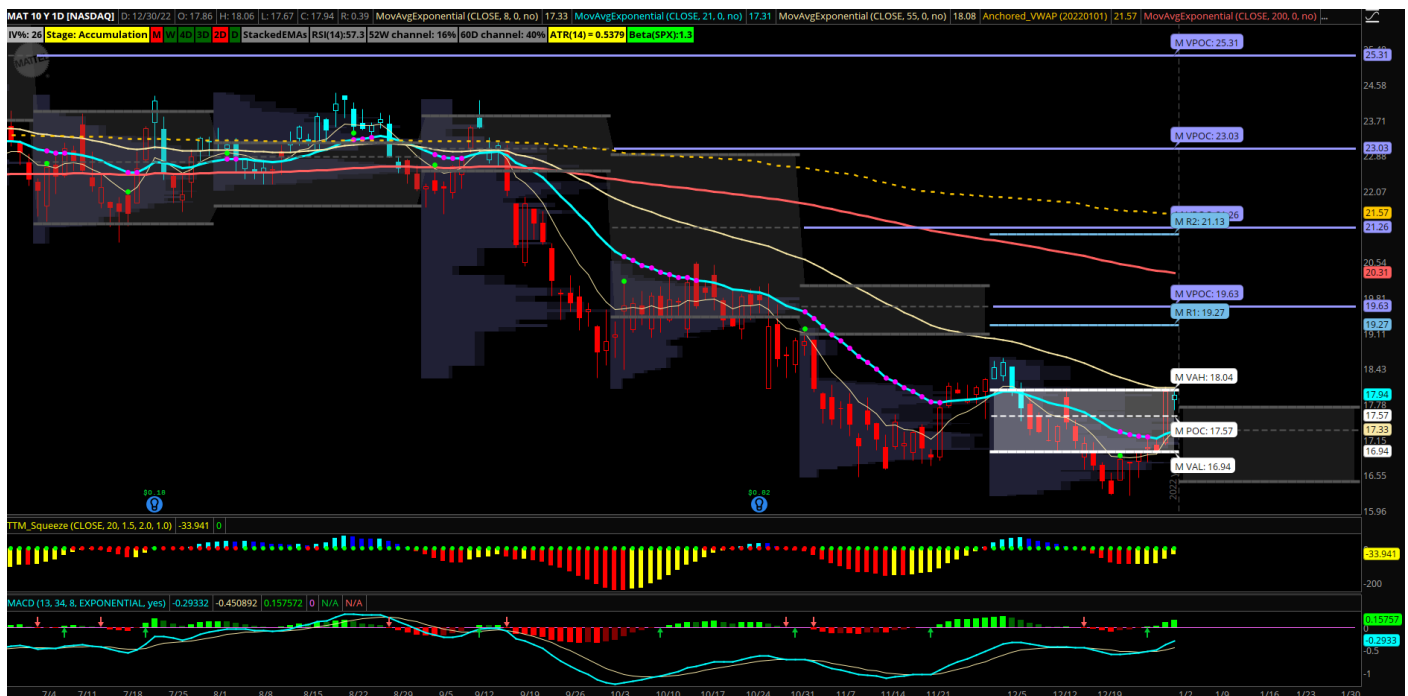
Analysis:

Mattel (MAT) on 12/29 saw a large bull risk reversal open 5000x in February as the \$15 puts sold to open to buy the \$18 calls for a net debit of \$0.71. Today also seeing a large buyer of 725 April \$19 calls bought at \$1.30 offers. MAT has seen large opening put sales this month as well for 1280 January 2024 \$15 puts sold at \$1.35 showing confidence in current levels. Shares have been weak in late 2022 but now basing the past few months at these 17 levels and starting to curl higher and see a 8/21 EMA bull cross as MACD has already crossed higher recently. A close above 18 top of value area can see a swift move back to the 20 level where a confluence of VPOC and 200-day EMA resistance currently sits.

Longer term potential to the 21.50 level and 23 would be a larger VPOC target higher. The \$6.4B company trades at 10.6x earnings, 1.4x sales, FCF yield at 8% while revenue is expected to grow +5% in FY22 and +4% growth estimated in FY23. Average analyst target is \$27. Goldman lowered its target recently to \$28 from \$32 but remains with a Buy rating and bullish on the stock saying they believe that MAT stands out in benefiting from several company specific demand drivers in TV & film content releases, the returning Disney Princess toy license in 2023, and new product innovation.

Further, MAT's fixed cost leverage, mid-2021 and upcoming mid-2022 price increases, and peaking cost inflation should be supportive of margins over the next 2 years. We gain confidence in MAT's 2022 guidance for 8-10% constant currency revenue growth. DA Davidson lowered its target to \$31 from \$45 but keeps a Buy rating while BAML initiated coverage with a Buy rating back in August and cited the potential for a turnaround as brands have been revamped and are now being better leveraged with content to drive sales. Short interest is at 7.3%. Hedge fund ownership fell -4.9% last quarter.

Hawk Vision:



Hawk's Perspective: MAT is a lower beta name but can see a breakout higher above 18 here so trading long against a close below the 21 EMA at 17.25 makes sense.

Confidence Ranking: \$\$