



FEATURED OPTIONS RADAR REPORT



Mattel Bulls Position for Continuing Momentum in 2021

Ticker/Price: MAT (\$21.75)

Analysis:

Mattel (MAT) on 5/4 with 3000 October \$19 ITM calls bought to open in the \$3.50 to \$3.90 range, the first real notable positioning in the name outside of July \$22 calls that have over 4,250 in OI. MAT shares have been in a strong trend since the 2020 lows and starting to work out of a weekly flag, and also a downtrend inflection to an uptrend in November of last year that had run for seven years. MAT shares are also sitting right near VWAP off the 2013 highs. MAT is a leading global children's entertainment company that specializes in the design and production of quality toys and consumer products. Mattel is the owner of a portfolio of global brands with vast IP potential including Barbie, American Girl, Polly Pocket, Fisher-Price, Power Wheels, Hot Wheels, Matchbox, and more. MAT is coming off a record quarter as the turnaround continues and it has seen growing market share and improving profitability. MAT is becoming an IP-driven toy company with live-action film development with major studios, animated programming on Netflix, and expanding agreements with Disney and Pixar for future film products. MAT has also boosted ecommerce sales as it shifts from the Toys 'R Us bankruptcy headwind. MAT raised 2021 cost savings and continues to target \$250M in total cost savings by 2023. MAT currently has a market cap of \$7.7B and trades 18.65X Earnings, 1.6X Sales and 21.2X FCF with revenues seen rising 8.8% in 2021 and 4.8% in 2022 and EBITDA 13% each year. In 2017 the WSJ reported that Hasbro made a takeover offer for Mattel but the offer was rejected. Analysts have an average target of \$24 and short interest is low at 2.4% of the float. BMO raised its target to \$30 following earnings after strong results and market share gains, raising estimates. Berenberg upgraded to Buy on 4/21 with a \$25 target and sees strength in 2021 despite tough comps. Monness Crespi sees meaningful EBITDA growth the next three years and multiple expansion with the launch of its branded television and film projects, upside seen to \$36/share. Citi upgraded to Buy in February on the improving margins and deleveraging of the balance sheet. Hedge Fund ownership fell 13% last quarter, Edgepoint a concentrated holder with an \$865M position.

Hawk Vision:



Hawk's Perspective: MAT is an attractive value story transforming and the momentum looks legit, a name that should see \$30 over the next year.

Confidence Ranking: \$\$