



FEATURED OPTIONS RADAR REPORT



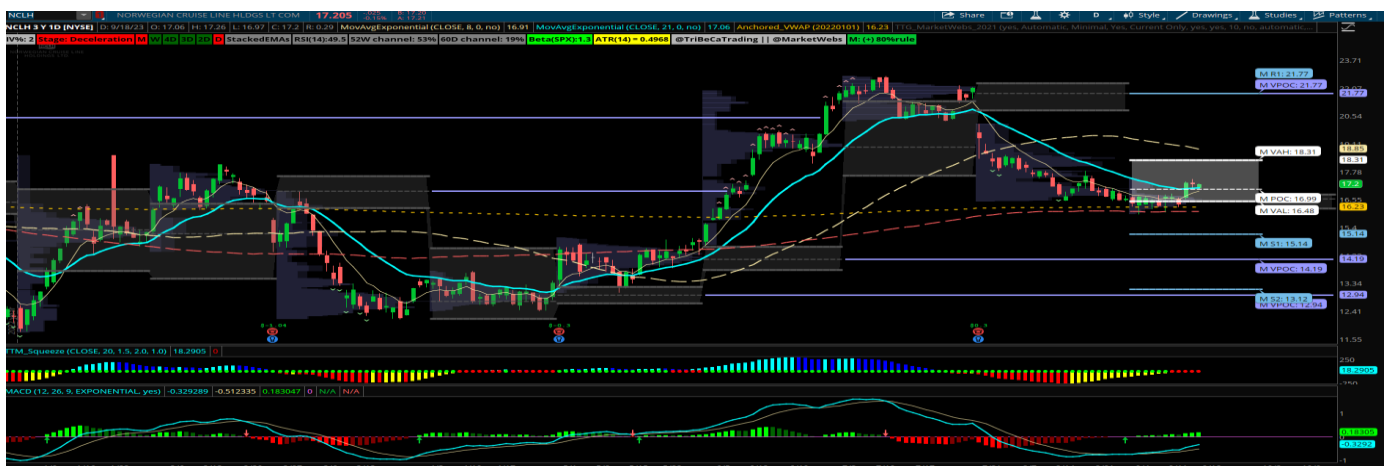
Small Cap Cruise Operator Sees Large Bull Set Sail for Long Term Upside

Ticker/Price: NCLH (\$17.21)

Analysis:

Norwegian Cruise Line (NCLH) on 9/15 saw a large buyer of 3880 December 2025 \$13 deep ITM calls bought for \$7.83 which was adjusting July 2025 calls and over \$3.0 Million in calls total bought. NCLH also still has a few large, short puts in OI from opening sales of 12,000 May \$12.50 puts sold for \$0.99 on 6/12 and the 4500 December \$22 ITM puts sold to open for \$3.85 on 6/20 still holding in OI showing confidence in owning stock into year end. NCLH also does have large, longer term July 2025 \$5 far OTM puts in OI from buyers of 46,000 back in April for \$0.80 but likely a big hedge. The \$7.3B cruise company trades 13.0x earnings, 2.1x sales, FCF yield of 7.5% with revenues expected to grow +78% in FY23 and growth estimated at +8% in FY24. NCLH is a smaller peer to its competitors CCL and RCL but seeing the same demand uptick this year as cruise lines have been large winners in 2023. The Company operates the Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises brands. The Company has 29 ships with approximately 62,000 berths. NCLH is coming off a mixed quarter and gave fairly conservative guidance which spooked investors and sold the stock off but after a big run the first half of the year it has corrected back to the 200 MA nicely. NCLH stated on the call that cumulative booked position for the remainder of 2023 continues to be at record levels and at higher pricing. Occupancy reached approximately 105% for the second quarter of 2023. Shares have been pulling back to the 200 day MA recently at 16 where buyers have showed up and now seeing the stock rebound off that key level and closing back over the 21 EMA with a potential 8/21 EMA bull cross nearing this week after the bullish flows. A move back over 18.30 would be a stronger bull signal and space above to the 21.75 VPOC overhead with the former highs at 22. Average analyst price target is \$21. Redburn upgraded the name last week to Buy and has a \$25 target saying even a 10% reduction in hotel rates and 3% annual cruise pricing growth across through 2027 would still leave cruise prices at a wider discount than in 2019. Reburn sees margin opportunity from falling distribution costs, driven by a shift online. Further adding that Royal has outperformed, driven by excellent execution and strong Caribbean pricing, where it over-indexes. Stifel raising its target last month to \$26 from \$22 and believes the company's revised 2023 guidance remains fair / conservative and expects the company to eventually end up on the high-end of the range. Barclays is more neutral and has a \$21 target while saying a lack of guidance raise to fiscal year yields and high-end of the EBITDA range is likely below recently elevated expectations. Short interest is at 7.5%. Hedge fund ownership rose 25.8%. A director bought 100k shares at 15.13 back in May 2022 for over \$1.5M.

Hawk Vision:



Hawk's Perspective: NCLH is similar to the other cruise lines seeing bull flow and can be a bit more volatile than its peers. If willing to own stock at 16 near the 200 MA, then can sell Dec \$16 puts to buy the \$18/\$21 call spreads for zero cost.

Confidence Ranking: \$\$\$