



FEATURED OPTIONS RADAR REPORT



Sabre Bulls Positive on Corporate Travel Accelerating

Ticker/Price: SABR (\$14)

Analysis:

Sabre (SABR) buyers of 5,350 January \$14 calls on 6/17 for \$2.10, a more than \$1.1M position and follows buyers recently in the January \$13 and \$16 calls. SABR sees a lot of activity but notable trade recently also sold the October \$11 puts to buy the \$14/\$18 call spread 4,000X while the July \$13 puts sold to buy the \$15/\$19 call spread over 15,000X in mid-April. In early April, the July \$15 puts were sold 5000X to buy the \$14/\$18 call spread 10,000X. Shares are trading steadily higher in a rising channel since last November and a move back above \$15 has room up to \$20. The \$4.38B company trades 280X earnings, 4.37X sales, and 3.4X cash. SABR provides software and technology solutions for the travel and hospitality industry. Their B2B marketplace offers inventory, prices, and availability from a range of travel suppliers, including airlines, hotels, car rental brands. SABR has lagged some of the other reopening plays as domestic leisure travel drives lower revenue than corporate travel but the latter poised for a rebound into the 2H and 2022 as more offices return to normal. SABR is also undergoing a tech transformation moving more of their operations to the cloud which will ultimately give them better scalability and lower costs. Throughout 2021 they expect to migrate at least 15% of their Hospitality solutions to GCP as well which will add to cost savings. Analysts have an average target for shares of \$15 with a Street High \$17. Mizuho noting in April that Sabre's cloud migration remains on track, and management is excited about the potential for new artificial intelligence offerings to drive demand. Deutsche Bank upgrading the stock in February and noted that longer-term the permanent cost take-out and technology savings from the shift to cloud will drive significant upside to margins and free cash flow coming out of the crisis. Short interest is 19% and rising sharply since April 2020 and the start of the pandemic. Hedge fund ownership fell 11% in Q1. Glenview Capital a buyer of 3.185M shares, a new position, while Knighthead Capital now with 5.4M shares.

Hawk Vision:



Hawk's Perspective: SABR is an interesting name with a lot of moving parts and feels underappreciated with business travel and International both poised to rebound into 2022

Confidence Ranking: \$\$