



FEATURED OPTIONS RADAR REPORT



Upside Calls Accumulate in Under-Valued Play on Reopening, Consumer Spending

Ticker/Price: SEAS (\$50.85)

Analysis:

SeaWorld (SEAS) strong setup with shares flagging just below recent highs and size buyers on 8/27 for 7,000 October 8th (W) \$51 calls for \$3.50, a more than \$2.5M buy. SEAS has seen a lot of bullish positioning recently including the Set. \$55/\$60 call spread, October \$50/\$65 call spread, and December \$46 calls, the latter over 10,000X. Shares tested the top of monthly value on Friday and forming a nice range under \$52.50 with a break higher measuring to \$59-\$60. The bigger weekly range has a measured move to \$75. The \$4B company trades 17X earnings, 4.6X sales, and 6.5X cash. SEAS is coming off a strong quarter with strong consumer demand driving elevated guest spending and record revenue per capita. The company is also seeing better cost controls and pricing power which is helping expand margins while the rollout of their new mobile app should help support higher average ticket and in-park spending, much like we've seen from other theme park operators recently. SEAS should continue to benefit from the improving COVID situation while a strong consumer with pent-up demand for experiences should keep demand elevated. They are also expanding overseas with their first park outside the US set to open in 2022 which should be a positive driver. Analysts have an average target for shares of \$54 with a Street High \$77. B Riley positive on 8/6 noting that the demand rebound and monetization opportunity has been well ahead of even management's recent target levels which gives them confidence into 2022. Keybank positive noting that SEAS has posted two strong quarters in a row despite lingering restrictions, evidencing the early cost saving/yield improvement success, coupled with attendance recovery momentum. Short interest is 9.25%. Hedge fund ownership fell 2.8% last quarter. Melvin Capital a big buyer of stock and now holds 4.25M shares while they also added call options.

Hawk Vision:



Hawk's Perspective: SEAS sets up great above monthly value and the 21-EMA with the 200-MA below; alert set for \$52 with a run back to \$57 a solid risk/reward

Confidence Ranking: \$\$