



FEATURED OPTIONS RADAR REPORT



Bulls Position for Better Attendance and Stronger Guest Spending at SeaWorld Theme Parks

Ticker/Price: SEAS (\$52)

Analysis:

SeaWorld (SEAS) with a large bullish trade on 4/20 that bought 5000 May \$50 calls \$3.80 to \$4.40 ahead of earnings on 5-6. SEAS on 4/15 with 800 January \$42 puts sold to open and otherwise has not seen a lot of positioning. SEAS shares rose strong to start 2021 as a top reopening play and since late February forming a tight bull flag on the weekly pattern though MACD nearing a bear crossover. A move out of the flag would measure to a \$65 target while \$55.75 the next Fibonacci extension target. SEAS is a leading theme park and entertainment company with brands including SeaWorld, Busch Gardens, Aquatica, Discovery Cove, Sesame Place and Sea Rescue. SEAS was hit hard by the pandemic and took the time to undergo \$100M in cost reductions. SEAS expects plenty of room for margin expansion moving forward. SEAS has also invested in driving greater revenues with new pricing strategies, new in-park product assortment, and more. SEAS also expects to expand internationally though currently on hold. SEAS currently trades 26.75X Earnings, 9X Sales, 11.5X FY22 expected EBITDA and revenues seen rising 137% Y/Y in 2021 and 37% in 2022 with FY22 seen as a record year for EBITDA above \$500M. Analysts have an average target of \$54 and short interest is down 30% Q/Q to 6% of the float. SEAS has \$745M in total liquidity (\$435M cash) with an \$18M/month cash burn rate. Stifel raised its target to \$70 this week expecting upside to estimates on stronger visitation and spending trends. B. Riley raised its target to \$65 on 3/8 positive on California reopening. Hedge Fund ownership declined 3.5% in the latest quarter filings.

Hawk Vision:



Hawk's Perspective: SEAS has a great technical set-up and trends are only going to improve this Summer while valuation is fairly attractive considering the improving margins and cost savings.

Confidence Ranking: \$\$