



FEATURED OPTIONS RADAR REPORT



Bulls Target Theme Park Operator Ahead of Margin Inflection

Ticker/Price: SIX (\$42.30)

Analysis:

Six Flags (SIX) another reopening play with bullish flow today as 1000 January 2023 \$47.50 calls bought for \$8.10 in a stock replacement. Today's flow follows a bullish spread that sold the December \$35 puts and bought the December \$42.50/\$47.50 call spread 2000X on 8/19. Shares rallied from the 2020 lows back to a big volume area and now basing above the 38.2% Fibonacci of the run as well as the 200-day MA. The weekly bull wedge is setting up under \$43.65 with a breakout higher targeting \$52 and then a longer-term run to \$58.50. The \$3.35B company trades 18.67X earnings, 4.3X sales, and 13X cash. SIX is coming off a strong quarter with their early Summer momentum continuing with attendance hitting 82% of their 2019 levels. The company expects 2022 to be a blockbuster Summer as season pass sales continue to accelerate and prebooked groups will return at pre-pandemic levels, making up the majority of the attendance shortfall in 2021. SIX outlined plans last year to improve operational efficiency and invest in tech and modernize the guest experience which will hit their full stride next year as well and the early returns have been promising. The company's moves to cashless food payments and QR-code driven ride passes have led to higher in-park ticket sales and average spend and should scale well with guest levels back to normal. Analysts have an average target for shares of \$52 with a Street High \$66. Wedbush upgrading to Buy on 7/26 citing a compelling combination of massive underperformance over the course of the pandemic, manageable reopening headwinds, and significant-yet-realistic margin enhancement post-pandemic opportunities. Short interest is 5.5%. Hedge fund ownership fell 2.5% last quarter. Fir Tree Capital a new position while Jericho Capital adding to their position. SIX had a sizable insider buy last week from director Arik Ruchim of 100,000 shares at \$38.07, a more than \$3.8M buy. This is the first open market buy of 2021 for the name.

Hawk Vision:



Hawk's Perspective: SIX is back at an attractive longer-term spot and the risk/reward is favorable given the upside to trends and business improvements they're executing on while the large insider buy adds confidence as well

Confidence Ranking: \$\$