



SkyWest Sees Unusual Call Accumulation

Ticker/Price: SKYW (\$64.45)

Analysis:

SkyWest (SKYW) with the April \$65 call open interest rising to 2,839 overnight after buys paid the \$3.10 offer yesterday adding around 800 to the more than 2000 that accumulated in December. SKYW has been an impressive relative strength story over the past few years and shores currently consolidating under a new high, a first Fibonacci extension target up near \$75. The \$3.3B airliner trades 9.6X Earnings, 5.8X EBITDA and 1.55X Book with a 0.75% yield. SKYW forecasts are calling for a return to 3% topline growth in 2020 and 7% EPS growth. The diversified regional provider that extended its agreements with American Air (AAL) last year has been updating its fleet and de-levering the balance sheet. It is becoming a primary Delta connection carrier for LAX, SEA, and SLC in mid-2020. Analysts have an average target of \$75 and short interest is low and falling at 1.2% of the float. Stephens started coverage on 11/5 at Overweight with a \$75 target as well positioned to grow earnings and market share with attractive valuation and a more defensive business model. Deutsche Bank raised its target to \$77 recently. Hedge Fund ownership fell 3.3% in Q3 filings.

Hawk Vision:



Hawk's Perspective: SKYW remains an impressive name on price-action and these calls are intriguing, a top Airliner to own in my view.

Confidence Ranking: \$\$