



FEATURED OPTIONS RADAR REPORT



CEO Accumulates Notable Call Position in Scorpio Amid Recent Concerns

Ticker/Price: STNG (\$15.68)

Analysis:

Scorpio Tanker (STNG) seeing bullish flows pick up recently with 2,000 January 2023 \$15 calls bought on 8/12 and 8/11 for \$4.60, both from the CEO, 1000 December \$13 calls bought on 8/11, and over 8000 January 2022 \$14 calls bought last week. Shares surged higher in early 2021 but have pulled back since and now re-testing the 61.8% Fibonacci of the rally up to \$25. STNG is back at VPOC for the year and the prior breakout at \$13.50 and a bounce back higher has room to \$18.75 in the near-term. The \$850M company trades 8.5X earnings, 0.45X book and 6.5X FCF with a 2.55% yield. STNG has been under pressure recently over balance sheet concerns and rising COVID cases which have deferred a recovery in demand for refined products globally. They continue to be positive on the longer-term outlook as economic growth in the 2H of 2021 and early 2022 will drive oil demand while a general rebound in gasoline has already started in July. STNG continues to have the most diversified fleet of the tanker names and delays to new builds will keep rates steadier for longer for the company. They also see significant growth opportunities from LNG and a broader shift towards refined products. Analysts have an average target for shares of \$23 with a Street High \$35. DNB Markets upgrading to Buy on 8/6 and expects Scorpio's leverage to become more attractive ahead of and business upswing. Deutsche Bank cutting to Sell last week citing concerns over their liquidity as the company is not generating enough cash flow to meet debt repayments. HCW with a \$28 PT and out positive in late July as product tanker fundamentals are starting to improve which should continue to support higher asset values. Hedge fund ownership rose 39.5%. Portolan Capital and Point72 buyers of stock. Short interest is 5.5%.

Hawk Vision:



Hawk's Perspective: STNG is unique in that we often see the CEO making large call buys (as the case is here) and adds a vote of confidence around the recent market dip and concerns; STNG is more speculative in nature but worth watching if it can move back through \$17

Confidence Ranking: \$\$