



FEATURED OPTIONS RADAR REPORT



Large Bull Position in Marriott Vacations Positions for Leisure Travel Recovery

Ticker/Price: VAC (\$172.30)

Analysis:

Marriott Vacations (VAC) on 5/28 with a large buyer of 2000 October \$175 calls \$13.10 to \$14.14 as 53X average daily calls traded in the name that lacks any other significant open interest. VAC shares have been consolidating with the rising 21-week moving average supportive and a move above \$178 would be key for a breakout and potential leg higher move to \$200. VAC is a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. VAC brands include Marriott Vacation Club, Grand Residences by Marriott, Sheraton, Westin, and Hyatt Residence Club. The U.S. vacation ownership community is comprised of over 1,500 resorts, representing more than 200,000 units and according to ARDA sales in the U.S. market were approximately \$10.5B in 2019. The \$7.37B company trades 17.4X Earnings, 12X FY22 EBITDA, 2.8X Sales and 22.35X FCF. Forecasts see revenues rising 33% in 2021 after dipping 32% in 2020 and an additional 17% of growth in 2022. VAC is seeing early signs of strong occupancy with the reopening in the US and noted that Google searches for resorts and hotels in the U.S are at their highest levels in nearly 10 years. VAC currently has 13% more owner and preview reservations on the books for the second half of this year than it did at the same time in 2019. VAC is 100% leisure travel focused so a top beneficiary of the travel recovery. VAC also has \$1.4B in liquidity with no long-term debt maturities before late 2022. VAC has also undergone cost initiatives with over \$200M in cost savings seen. Analysts have an average target of \$190 and short interest is 5.5% of the float. Stifel with a \$185 target in March seeing synergies from the ILG merger and additional growth from the Welk acquisition. BAMCO a notable top holder in VAC.

Hawk Vision:



Hawk's Perspective: VAC does look attractive on valuation as a top play on a likely leisure travel boom and above \$178 a nice trigger for a push to \$200.

Confidence Ranking: \$\$