



FEATURED OPTIONS RADAR REPORT



Bulls See Eventual Recovery in Vistra Corp.

Ticker/Price: VST (\$16.75)

Analysis:

Vistra Corp (VST) seeing consistent bull flow last week with October \$17 calls bought 1000X, the October \$18 calls bought 4000X, and the October \$20 calls bought 1500X. VST insiders have also been actively buying the stock since September including a round of purchases in December in the \$17.44-\$18.25 range and in early March in the \$16.42-\$16.76 range. VST shares have an ugly chart and sit back on the lower end of its one-year range. VST shares sold off hard with the Texas power crisis in February. VST is an electricity utility with both retail and generation businesses through TXU Energy, Homefield Energy, Dynegy, Ambit Energy, and Luminant. They're a strong FCF story which has allowed them to invest over \$1.5B into growth projects like solar and storage in Texas and California. VST is undergoing a big portfolio transition and now expects 45% of their EBITDA to come from renewables, storage, and retail by 2030. They see significant development opportunities over the next five years. VST continues to reduce its coal exposure and by 2030 targets 38% Gas, 28% Retail, 18% Renewables, 9% Coal and 6% Nuclear. Analysts have an average target of \$24 and short interest is low at 1.9% of the float. Wolfe downgraded shares 3/17 seeing a long time to rebuild confidence in the ERCOT construct and sees further uncertainty to Texas exposures. BAML upgraded to Buy on 3/1 with a \$20 target noting the potential \$900M-\$1.3B impact from the Texas weather event but sees the outlook intact seeing the event as a one-time thing. The \$8.25B Utility now trades 9.4X Earnings and 0.99X Book with a 3.56% dividend yield.

Hawk Vision:



Hawk's Perspective: VST offers attractive valuation and yield after a likely one-time event and insider buying also shows confidence, so a name that can offer a solid return through year-end with much of the risk priced into shares.

Confidence Ranking: \$\$