

Burgerfi International Inc (NASDAQ: BFI) | Buy signal with price target \$15.45

Brief Presentation



Burgerfi International operates as a franchisor of quick-service restaurants across the U.S and internationally. It currently has approximately 125 BurgerFi restaurants. The company was formerly known as Opes Acquisition Corp. and changed its name to BurgerFi after the December 2020 SPAC announced merger deal. BurgerFi was founded in 2011 and is based in Florida.

Technical Outlook

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The above chart shows \$BFI prices since September on a 4-hour timeframe. From mid-November to early December, the stock jumped from \$10.50 to \$17.70, gaining 68.5%. Since then, \$BFI has lost 33%, reaching at \$11.81 on January 2nd to the support area. In that area, a sign of a reversal is the morning star pattern, which forms after the downfall and indicates the start of an upward climb. Moreover, on February 2nd RSI crossed above 30, signaling a new possible bullish movement.

Fundamental Approach and News

- BurgerFi currently expects in the upcoming earnings report for the Quarter ended December 31st, 2020 a total revenue of approximately \$9.0 million compared to \$8.9 million in the Q4 2019. The expected yearly revenue for 2020 is at \$34.3 million versus \$34.2 million the year ended December 2019. (increased revenue amid the pandemic)
- Delivery Sales are the key factor behind the impressive turnover increase, as for every calendar year of 2020 delivery sales (y-o-y) were up high double digits and triple digits percentages, with Q4 delivery sales increase (y-o-y) being 120%. BurgerFi's digital platform and app investments in the beginning of 2020 seems to have paid off, as for the past 5 consecutive months delivery sales have grown with a compound monthly growth rate of 90%.
- Brick and Mortar Restaurant sales have decreased over the past year, but only for a marginal percentage in Q4 compared to the rest of 2020, as sales were down only 2.9% in Q4, whereas down 9.2% and 33.7% the previous 2 Quarters, respectively. Company-owned restaurants have increased sales to 12.4%, whereas franchise restaurants have remained in the negative territory, due to mainly Covid-19 provisions. However, the decrease was partially offset by 11 new company and franchise owned restaurant openings in 2020.
- Maybe the most encouraging aspect of the company must be the restaurant openings. Amid the pandemic, BurgerFi opened 11 system-wide locations and 4 restaurants including BurgerFi's first drive-thru in Hamburg. BurgerFi is expecting to open 30 to 35 restaurants (company or franchised owned) in 2021 and step-up unit growth for 2022 with the opening of an additional 40 to 45 new locations.

Prediction

Considering the news, fundamentals, and the stock's technical picture there is a bullish interest. We suggest a potential buy at the support area at \$12.20-\$12 with a price target at \$15.45. However, an entry at the current price \$12.74 with a stop loss at 10.45 gives a Risk/Reward Ratio of 1.2 while, the target has been determined by the 61.8% of Fibonacci Retracement, which is also the high of September 10th.

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