



Bears in National Beverage Agree with Rising Short Interest, Large Put Buys

Ticker/Price: FIZZ (\$43.35)

Analysis:

National Beverage (FIZZ) IV starting to rise sharply with 1,850 October \$50 puts being bought to open \$8.90 to \$9. FIZZ also has 2000 July \$40 puts in open interest. Shares have sold off sharply after trading above \$120 in 2018 and in a major liquidation-type move lower, recent reports of toxins with its products. The Company has commented that "We began converting to BPA-free liners two years ago, and continued as suppliers were able to supply cans. As of April 2019, all cans produced for LaCroix products were produced without BPA liners," though one has to wonder if they face future liability claims. FIZZ reported another weak quarter last night with EBITDA missing, and overall decelerating growth of LaCroix. The \$1.94B beverage Co. now trades 14.2X Earnings and 17X FCF with a good amount of cash and no debt. FIZZ estimates are likely to come down and seeing negative growth forecasts ahead. Analysts have an average target of \$67 while short interest at 33% of the float is up 55% Q/Q and hitting a record high. Guggenheim out with a Sell call today and \$34 target seeing LaCroix on a precipitous decline and increased competition will delay stabilization. Jefferies also with a negative view and \$33 target with gross margins coming in ugly and sparkling water competition intensifying, not seeing a turnaround for the company. Hedge Fund ownership jumped 25% in Q1, Renaissance Tech with a \$143M stake.

Hawk Vision:



Trading Strategy: FIZZ could see some rebound action near-term but remains one of the focus names on the short side.

Confidence Ranking: \$\$