



Owens & Minor Calls Accumulate on Sale Potential

Ticker/Price: OMI (\$6.90)

Analysis:

Owens & Minor (OMI) open interest in the March \$5 calls increased by 4000 to above 7650X with buyers on 10/30 at \$2.60 to \$2.65 ITM. OMI also has 1,920 December \$2.50 ITM calls remaining in open interest from a buyer in September. OMI is a stock that traded above \$40 in 2016 and hit a low earlier this year near \$2.50, and has been recovering strong since August. The \$435M provider of healthcare solutions will next report on 11/6 and shares jumped as much as 50% last quarter after beating EPS and Revenue estimates, also announced in February it was exploring a potential sale of the company. OMI currently trades 8.65X Earnings and 8.1X EV/EBITDA with a debt-laden balance sheet, and an outlook for flat revenue growth. OMI is a market-leading med-surg product distribution and logistics provider that is looking for synergies from a string of acquisitions while deleveraging. Analysts have an average target of \$4.35 on shares and short interest elevated at 16% of the float. Analysts have been very quiet on the name the last few months. Hedge Fund ownership fell 4.2% in Q2 filings.

Hawk Vision:



Hawk's Perspective: OMI is clearly seeing accumulation since August and the potential sale of the company is the likely catalyst, a speculative play as the company's lack of growth and high leverage is a clear concern.

Confidence Ranking: \$\$