



## Coca Cola Calls Bought ITM as Shares Base

Ticker/Price: KO (\$45)

### Analysis:

**Coca Cola (KO)** with more than \$1M in May \$40 ITM calls opening yesterday up to \$6.10 and follows sellers in the December \$35 puts on Friday. The September \$45 calls and Jan. 2022 \$40 calls active recently as well as flows turn more bullish in the name, the latter a near \$1M buy. Shares are consolidating above its 8-EMA and under a low-volume gap. March VWAP is just above at \$46.25 and above that level has room to run back to a big VPOC at \$54. The \$199B company trades 19.4X earnings and 5.3X sales with a 3.65% yield. KO sees high-single digit growth over the next two years, slightly better than peers. KO likely sees an impact in the short-term from COVID-19 as it will decrease restaurant volumes but they have wide reach in grocery aisles as well including areas like water which has seen strong growth and helped the company gain the most share in almost a decade last quarter. The company continues to execute on initiatives like smaller packs, mini cans, health and wellness forward and expanded flavors which is helping them win in key nonalcoholic categories. Analysts have an average target for shares of \$57. Argus upgrading the stock to Buy on Friday with a \$54 PT citing Coca-Cola's financial strength as evidenced by its ability to issue \$5B of new bonds with the offering said to be "massively oversubscribed." JP Morgan upgrading to Overweight on 3-23 as the balance sheet remains solid and sees no risk to the dividend. The firm also notes that KO shares are pricing in an unreasonable scenario where volumes fail to recover much of any of the negative COVID-19 losses. Short interest is negligible. Hedge fund ownership rose 1.1% in Q4. Aristotle Capital buyers of 5M shares.

### Hawk Vision:



**Hawk's Perspective:** KO has seen a good amount of mixed action, not seeing reason to make a trade and may prefer PEP with its connection to snacks.

**Confidence Ranking:** \$