



## Kimberly Clark Bulls Active into Modest Pullback

Ticker/Price: KMB (\$138)

### Analysis:

**Kimberly Clark (KMB)** buyers coming in for 1375 June 5th (W) \$138 calls \$4.30, coming off strong quarter, and follows some recent bullish action with May \$135 puts sold 1000X and buyers in May \$145 calls. KMB also has seen July \$125 puts sold to open 1150X and smaller call buying across January 2021 but lacks major open interest. KMB shares have pulled back a bit the past week as a move has been seen away from safer consumer staples names but coming up on support near \$135, and longer term looking to work out of this \$133/\$141 range for a move up to new highs at \$150. KMB is coming off a quarter of 11% organic growth with increased consumer demand for its products. The \$46.8B company trades 17.6X Earnings, 2.5X Sales and yields 3.15%. KMB has suspended buybacks and withdrew 2020 guidance. KMB owns major brands like Huggies, Kleenex, Kotex, Cottonelle and Scott. It introduced its K-C Strategy 2022 in January to deliver growth and improve costs with the goal of 1-3% organic sales growth, EPS growth mid-single digits, maintain a strong ROIC near 26% current level, and increase the dividend. It wants to elevate the core brands and strengthen its presence in Emerging Markets. Analysts have an average target of \$147 and short interest is 1.6% of the float, down 35% Q/Q. Jefferies raised shares to Buy on 3/30 with a \$149 target citing stronger sales and moderating commodity costs with room for multiple expansion. Hedge Fund ownership fell 2.7% in Q4 filings and lacks any real notable concentrated holders.

### Hawk Vision:



**Hawk's Perspective:** KMB is a favored defensive name and should be positioned well over the next year in this pantry hoarding environment.

**Confidence Ranking:** \$\$