



## FEATURED OPTIONS RADAR REPORT



### Church and Dwight Bull Spreads See New Highs Near

Ticker/Price: CHD (\$95.7)

#### Analysis:

**Church and Dwight (CHD)** flagging nicely and October \$95/\$100 call spreads active 3500X in the opening thirty minutes, call volume running 35X average and a name without much notable open interest. CHD has long been a favorite best-in-class consumer products name and riding the 13 EMA higher recently, the current bull flag targets a move to \$105. The \$23.8B company trades 32X Earnings, 5.2X Sales and 29.75X FCF with a 1% dividend yield. CHD forecasts see near 10% revenue growth and 13.8% EPS growth this year, a very strong year. It operates with 23.6% adjusted EBITDA margins and 18.15% FCF margins, a ROIC in the 8-10% range. CHD has some key power brands like Arm & Hammer, Trojan, Nair, OxiClean, and Orajel. CHD is balanced between household products (45%) and personal care (48%) with their mix moving more towards premium products. International and e-commerce have been two notable areas of focus. The company has been aggressive with deal-making over the last fifteen years targeting higher-margin, higher-growth companies which can leverage CHD's widespread manufacturing and logistics platforms (this includes 11 of the 12 power brands). Analysts have an average target of \$92.70 and short interest low at 2.3% of the float reaching a one-year low. OpCo out last week ranking it a top consumer staples pick. Truist raised its target to \$105 after Q2 results came in strong seeing increased demand for the hygiene focused portfolio. Argus started coverage at Buy with a \$98 target in July seeing earnings momentum and improving earnings/margins. Hedge Fund ownership came down 9.5% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** CHD is a favored name with a beautiful set-up so these spreads pricing around \$2.40 offer a nice chance at a double.

**Confidence Ranking:** \$\$