



FEATURED OPTIONS RADAR REPORT



National Beverages Bears See Weakness into Year-End

Ticker/Price: FIZZ \$81.32

Analysis:

National Beverages (FIZZ) with 8,000 December \$90 puts bought for \$17.40 to open on Monday, some prior positions adjusting back into strength. FIZZ also with 400 December \$85 puts bought to open and 2,000 October \$75 puts in open interest. FIZZ has run strong recently to new highs but put in a reversal candle yesterday and plenty of downside back to the recent breakout around \$70. FIZZ has been in a long downtrend and hitting the 50% retracement of the decline this week. The \$3.72B company trades 26X earnings, 3.7X sales, and 12.2X cash. FIZZ expects a slowdown in EPS in both FY22 and FY23 with revenue growth slowing down to around 1%. FIZZ likely faces margin pressure in 2021 as competition from both Pepsi's bubbly brand and Coke's AHA will pressure pricing and volumes. They also face more private label offerings. FIZZ has benefited from the pandemic as consumption of staples has grown with more off-premise dining. Analyst coverage is limited with 1 hold and 3 sell ratings. Guggenheim raising their Pt to \$38 in May as LaCroix is likely to lose shelf space and market share to Coca-Cola's (KO) "AHA" brand of flavored sparkling waters. The firm thinks LaCroix will not stabilize until at least 2021, given increased competition and what they see as a lack of meaningful innovation. Short interest is 14.3%. Hedge fund ownership fell 9% in Q2.

Hawk Vision:



Hawk's Perspective: FIZZ action is notable and the recent rally has been strong but right into key resistance but as with any short in this market, especially into strength, key is to wait for momentum to break

Confidence Ranking: \$\$