



FEATURED OPTIONS RADAR REPORT



Aon Calls Accumulate Ahead of EC Decision On Willis Deal

Ticker/Price: AON (\$236.25)

Analysis:

Aon PLC (AON) with 1500 June \$250 calls opening for \$3.20 today as some May calls roll out, size July call OI with 3,000 of the \$240 calls as well as buyers of 1000 December \$260 calls on 3/26 for around \$835,000. AON also has 1000 July \$230 calls in open interest. Shares have traded well since earnings in February when they broke out of a nearly nine-month range and now trending back near the 2020 highs from pre-COVID. AON is just above a recent range breakout at \$232 and further upside targets \$250. The \$53.5B company trades 19.5X earnings, 4.8X sales, and 7.7X cash. AON is a UK-based provider of financial risk-mitigation products such as insurance, pension administration and employer health insurance plans. The company announced a deal for Willis Towers Watson (WLTW) in 2020 and have been working slowly towards satisfying EU concerns over competition before they can close. In late March there were reports the two sides were active in talks and could potentially see the NewCo spin off or sell their reinsurance arm Willis Re. The deal gives them broad size and scale in both geography and capabilities in the industry with market-leading analytics in corporate risk and allows them to create new products in verticals like benefits delivery and administration and HCM. Analysts have an average target for shares of \$225 with a Street High \$275. Short interest is 10%. Hedge fund ownership fell marginally in Q4, Viking Global a top holder with 2.5M shares while BlueSpring, Brave Warrior, and Cantillion all top holders too. In November, insiders active buying stock including a director who added \$1.865M at \$186.55.

Hawk Vision:



Hawk's Perspective: AON is clearly an event-driven play here and could see more clarity around earnings on 4-30, potentially a nice flier with the flows pointing to significant upside

Confidence Ranking: \$\$