



FEATURED OPTIONS RADAR REPORT



Bulls Target Upside Move for Primary Care Operator for Seniors

Ticker/Price: CANO (\$10.10)

Analysis:

Cano Health (CANO) name that has seen a lot of bullish flow this week despite weak price action and today buyers active for more than 11,250 October \$10 calls from \$1.35 to \$1.40. CANO had buyers of 2,000 December 2022 \$17.50 calls on 7/22 and the October \$15 calls have over 19,000 in OI from June. The August \$12.50 calls also with 10,000 bought on 6/30. Shares traded up as high as \$17 in January but fading back to the lows for the year and back to a big volume area from November when the SPAC deal was announced. CANO has a big gap above \$11.50 back to \$13 to target on a snapback. The \$4.8B company trades 48X EV/EBITDA and 7.5X sales. CANO is part of a growing segment within healthcare that has been focusing on providing primary care or insurance for seniors within the Medicare program. They operate centers in Florida, Texas, and Nevada. They also offer a health management platform that includes telehealth, prescription home delivery, transition of care plans, and complex care management. The company has been expanding their patient reach recently with a \$600M deal for University Health Care and a \$300M deal for Doctor's Medical Center, both of which add to their market share in Florida which is a big region for MA enrollment. CANO sees a big opportunity given significant gaps in care for seniors despite Medicare estimates to be around \$800B and growing 8% annually while there's also a big structural shift towards value-based care. CANO is also positioned well with PCPs which have direct influence over nearly \$2T in spending downstream within the space across specialist visits, home care, and more. Analysts have an average target for shares of \$22, although limited coverage. Short interest is 6.5%. Hedge fund ownership rose 4% in Q1. Pointstate Capital, Eminence Capital, JET Capital, Owl Creek, and Mason Capital all buyers of stock.

Hawk Vision:



Hawk's Perspective: CANO valuation is attractive at these levels given the massive market they're operating within and some nice M&A deals recently, but price action is ugly and would need to see it firm up above \$12 to give some confidence a bottom is in

Confidence Ranking: \$