



## FEATURED OPTIONS RADAR REPORT



### Call Spread Sees Americold Clearing Range to New Highs

**Ticker/Price:** COLD (\$38.80)

#### Analysis:

**Americold (COLD)** buyer on 7/28 of 3,500 January \$40/\$45 call spreads for \$2, unusual size for the name that is flagging in a nice weekly range under recent highs. The \$9.67B company trades 65X earnings, 4.5X sales, and 33.5X cash with a 2.25% yield. COLD is a REIT that focuses on temperature-controlled warehouses with over 1B cubic feet of capacity across 242 facilities. They are a key part of the supply chain for food producers, distributors and retailers to getting products to consumers. COLD has a 21% market share and key relationships with producers like ConAgra, Danone, LambWeston and Kraft. The company has multiple avenues for growth including price/rate hikes, redevelopment opportunities including sale/leaseback deals with producers, industry consolidation and expansion into new markets. COLD made a nice M&A deal in October for Agro Merchants for \$1.74B, the fourth largest temperature-controlled warehouse company globally and the third largest in Europe. The deal will take some time to integrate as Agro has been a serial acquirer themselves but it positions COLD well long-term as they add more scale and square footage outside the US. It also gives them flexibility to do more tack-on M&A that will consolidate fragmented parts of the industry. Analysts have an average target for shares of \$44 with a Street High \$45, limited coverage. Keybank started coverage on 6/7 and positive on the name as they are positioned to benefit from a recovery in the refrigerated warehouse supply chain that could help boost average occupancy. Americold is poised to post premium funds from operations growth and its future external growth is supported by a strong balance sheet. Short interest is 3.45%. Hedge fund ownership fell 3.85% in Q1, Victory Capital a buyer of 1M shares. In December a director bought \$335K in stock at \$33.50.

#### Hawk Vision:



**Hawk's Perspective:** COLD is a solid name that is making smart moves to gain a dominant position in their niche market, trading in the middle of a range here is tough but one to target either back near the 200-day or on a trigger through \$40 with earnings a catalyst next week

**Confidence Ranking:** \$\$