



FEATURED OPTIONS RADAR REPORT



HCA Put Sales See Limited Downside into 2H

Ticker/Price: HCA (\$201.50)

Analysis:

HCA Health (HCA) higher after earnings yesterday and saw 1,600 January \$220 puts sold to open in the afternoon for \$32.50 expecting a continuation of the longer-term trend. HCA also saw 640 June \$195 puts sold to open around \$6.20. HCA has bullish open interest in the June \$185 calls where 1000 were bought in late March for \$1M. HCA has shown a lot of strength since the initial COVID lows and broke out of a two-and-a-half-year bull flag above \$140 last Summer. Shares are extended here but support below around \$185 and the March/April VPOC with upside to \$220+. The \$66.7B company trades 14.12X earnings, 1.3X sales, and 10.7X FCF with a 1% yield. HCA is a leader in health care services with both general and acute care hospitals. HCA raised their outlook this week seeing strength in the 2H as COVID headwinds fade and outpatient revenues rebound across post-acute, ER, and ambulatory surgery. HCA has talked extensively about capital deployment in the last year, especially around M&A. The company recently announced a deal to buy Brookdale's home health business, a move that gives them a nice foothold on the growing home care and hospice opportunity. The company noted earlier this year they discharge about 250,000 patients annually into home care and their new offering will give them an advantage to continue care. Analysts have an average target for shares of \$180 with a Street High \$230 from Truist. The firm was out on 4/14 raising estimates bullish on the group as COVID-19 headwinds dissipate. The analyst notes that FCF should remain robust amid an attractive reopening and a rebound in economy, with accelerating flight to quality set to further tip the field in favor of scaled, high quality, well capitalized providers. Short interest is under 1%. Hedge fund ownership rose 1.2%. Viking Global a buyer of a new 1.7M shares while Sanders Capital has 7M shares.

Hawk Vision:



Hawk's Perspective: HCA is fairly extended here but a pullback into that 8-EMA and prior volume node could present a nice bounce opportunity for a high-quality name with multiple tailwinds into the 2H and could strike another M&A deal too

Confidence Ranking: \$\$