



## FEATURED OPTIONS RADAR REPORT



### Kellogg Calls See Further Upside as International Snack Strategy Advances

**Ticker/Price:** K (\$62.50)

#### Analysis:

**Kellogg (K)** buyer of 10,000 September \$67.50 calls for \$1.35 to open with shares flagging just below the 200-day MA. K has seen buyers in the June \$60 calls recently over 3000X and the June \$67.50 calls over 10,000X while put sellers active in the January 2022 and 2023 expirations. Shares are trying to hammer back above its rising 21-day MA today and a breakout move above \$64.50 has room out to a high-volume node at \$70 from last Summer. The \$21.8B company trades 15X earnings, 1.5X sales, and 31X FCF with a 3.68% yield. Kellogg is coming off of a strong year with their snack products gaining momentum due to the pandemic and triple-digit growth in ecommerce sales. The company is coming off of a multi-year investment cycle in their tech capabilities and seeing a vastly improved supply chain and brand-targeting strategy. The company expects to see further rollout of their meatless products Incogmeato in 2021 and expand their shelfspace among the different channels. They continue to see momentum in International markets as well with snack brands like Pringles growing double-digit market share in Russia and Cheeze-It's a top share gainer in Canada in the 2H of 2021. Analysts have an average target for shares of \$66 with a Street High \$76. Piper positive on 4/7 after their latest Teen Survey showed heightened interest for Kellogg snack brands. Short interest is 6% and up from around 4% in late 2020. Hedge fund ownership rose 6.5% in Q4. Alkeon Capital, Voloridge, and Millennium all buyers of stock and calls. In August 2020, COB and CEO bought stock at \$69.32 and follows \$1M in stock bought in February around \$65.50.

#### Hawk Vision:



**Hawk's Perspective:** K is an interesting name with a strong core portfolio of snack brands and emerging verticals like meatless products, two hot areas that should continue post-COVID; they have earnings in early May and weak history, one to keep an eye on for a move back to \$60

**Confidence Ranking:** \$\$