



## FEATURED OPTIONS RADAR REPORT



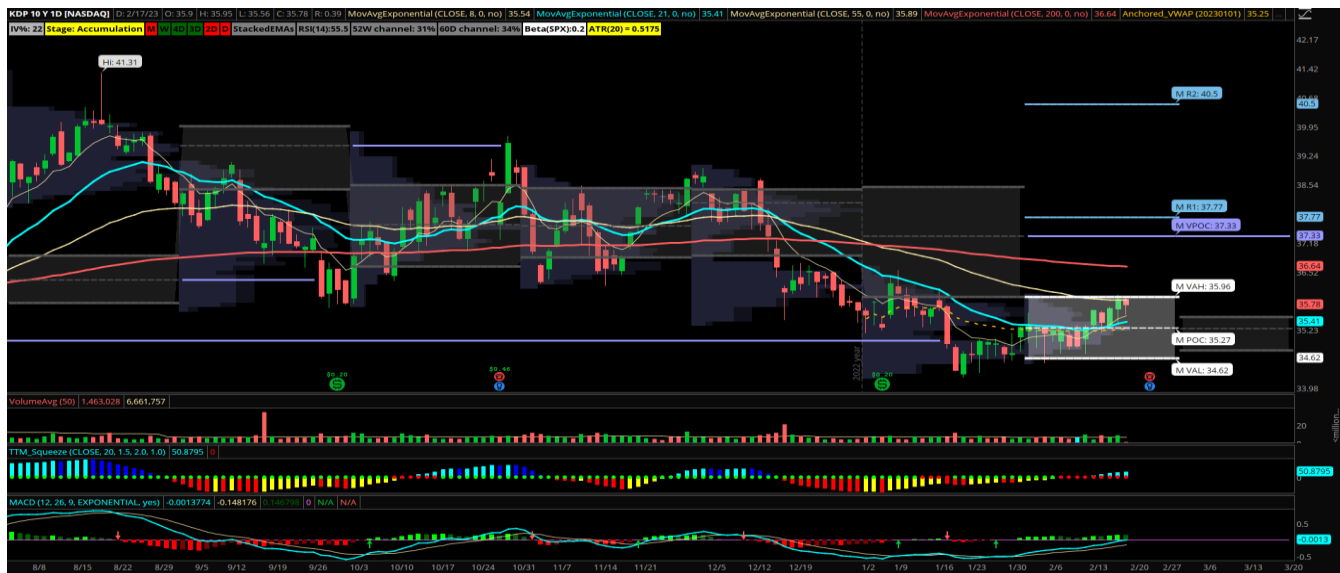
### Bullish Opening Put Sale in Beverage Name with Recent Insider Buys

**Ticker/Price: KDP (\$35.75)**

#### Analysis:

**Keurig Dr Pepper (KDP)** on 2/16 saw a an opening sale of 1300 January \$32 puts for \$1.00 showing confidence in a floor this year at that level while also recently seeing mostly bull flows including January \$35 calls bought at \$3.40 and the Jan \$35 puts sold to open for \$2.35 over 1000x back in late December. KDP has also recent March bull flows with the \$34 puts sold to open and the \$36 calls bought 4450x on 1/20 for \$0.55 and also 6000 Jan \$37 calls bought on 9/19 at \$4.70 still holding in open interest. Shares have been sluggish but basing near this 35 level since the end of last year and now seeing a 8/21 EMA bull cross this week and closed above 55 EMA this week in a tough market. The stock has a breakout of monthly value shaping up above 36 and space up to 37.50 and then 40. A lower beta name with a lot of insider buys including last month the CFO bought 10,000 shares and last year the Chief Supply Chain Officer purchased shares this year between \$35 and \$38 and over \$2.8M in total. The stock should hold up here and form a low to rebound higher above 40 into 2023. The \$50.8B company trades at 19.8x earnings, 4.2x sales, FCF yield of 5.4%, and a dividend yield at 2.3% while revenue is expected to grow +11% in FY22 with +6% growth estimated in FY23. The Company has a diverse portfolio of flavored (non-cola) carbonated soft drinks (CSDs), non-carbonated beverages (NCBs), including water, ready-to-drink tea and coffee, juice, juice drinks, mixers, and specialty coffee, and is a producer of single serve brewing systems. KDP is seen as a safe-haven stock with less macro risk and a strong skew to the US geography. Average analyst target is \$40. JPM raised its target to \$41 and has a Overweight. The analyst sees a favorable risk/reward on the shares, saying the company has set the bar lower and is baking in a fair amount of conservatism for 2023 given macro uncertainty and a new CFO joining. Barclays raised to \$45 last Fall and keeps an Overweight while saying Despite the ongoing debate spurred by the company's coffee business, Keurig Dr Pepper is a relatively attractive domestic defensive play. Short interest is at 1.7%. Hedge fund ownership fell 86% last quarter.

#### Hawk Vision:



**Hawk's Perspective: KDP** is a safe lower beta name with a good yield and nice spot to sell puts if want to own or can buy here with a stop under value area but likely a good long term hold.

**Confidence Ranking: \$\$**