

SPOTLIGHT OPTION TRADE



Keurig Dr. Pepper an Explosive Weekly Flag Set-Up, Best Beverage Co.

TRADE SNAPSHOT

TICKER	KDP
SECURITY	Keurig Dr. Pepper
SECTOR	Consumer Goods – Beverages – Soft Drinks
CURRENT PRICE	\$28.05
LONG/SHORT	Long
TARGET	\$31
STOP	\$26.50
TIMEFRAME	3 Months

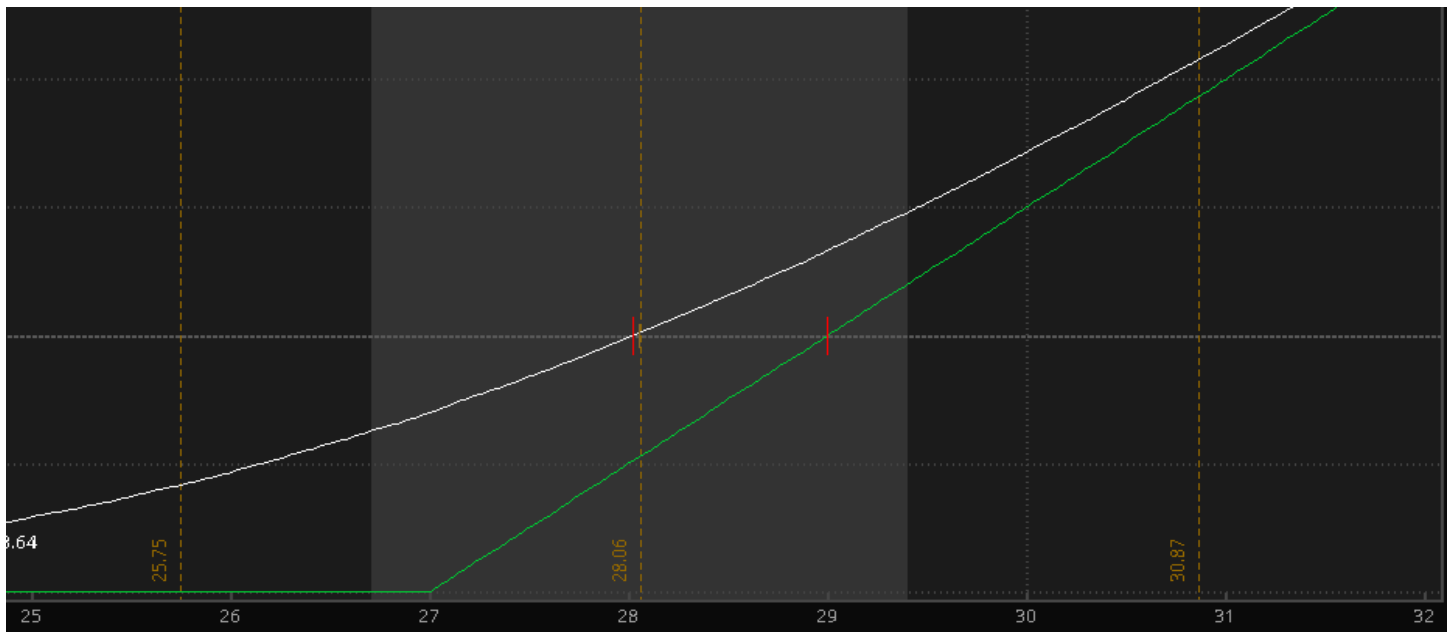
Trading Strategy: Long **KDP** July \$27 Calls at \$2 Debit

Net Debit/Credit: Debit of \$2

Profitability Zone: KDP Shares Above \$29 on July OpEx

Greeks: Delta 65; Gamma 10; Vega 5; Theta -1

Options Volatility / Trade Simulator View:





Technical Analysis: KDP shares on the weekly show a very coiled flag and nice uptrend with weekly RSI also on the verge of leading a breakout and trend move to new highs.



Fundamental Analysis: The \$39.4B beverage Co. trades 20X Earnings, 32.8X FCF, 4.9X EV/Sales and yields a 2.14% dividend. KDP forecasts call for steady 15% EPS growth each of the next three years. It is positioned in the stronger industry trends such as Coffee and Bottled Water and has a number of leading and emerging brands like Fiji Water and Body Armor. On the financial side it has strong synergies underway with the merger with Keurig. Analysts have an average target of \$28.75 on shares and short interest is low at 1% of the float. Goldman Sachs upgraded shares to Buy on 1-8-19 with a \$30 target seeing high earnings visibility and growth with improving margins and free cash flow generation. Mondelez (MDLZ) has a \$4.9B stake in KDP. Cedar Rock Capital has a 7.44% weighted \$278M position, its 6th largest.

Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
3/20/2019	KDP 100 19 JUL 19 30 CALL	2,122	593	\$0.65	44.44%	0.3	23.09%	26.18%	\$148,540	.KDP190719C30
2/28/2019	KDP 100 19 JUL 19 26 CALL	1,357	39	\$1.40	-56.25%	0.49	25.11%	42.82%	\$189,980	.KDP190719C26
2/28/2019	KDP 100 18 APR 19 26 CALL	2,066	309	\$0.65	-61.76%	0	#ERROR!	0.00%	\$134,290	.KDP190418C26
2/27/2019	KDP 100 18 APR 19 28 CALL	2,156	874	\$0.66	65.00%	0.35	24.25%	31.89%	\$150,920	.KDP190418C28
2/13/2019	KDP 100 17 JAN 20 30 CALL	1,569	341	\$1.95	2.63%	0.44	24.07%	35.83%	\$313,800	.KDP200117C30

Potential Catalysts: Earnings in May

Disclaimer:

Not Investment Advice or Recommendation

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