



## Perrigo Bull Spreads Positive on Transformation Efforts

**Ticker/Price:** PRGO (\$61.85)

### Analysis:

**Perrigo (PRGO)** at multi-month highs seeing spreads sell August \$55 puts to buy the \$65/\$75 call spreads 1000X in the opening hour of trade, and a name lacking any notable open interest. PRGO shares have a major weekly volume node up near \$70 as next likely resistance, a name making higher lows trending higher since May 2019. The \$8B maker of OTC healthcare products announced FDA approval of a new generic version of ProAir HFA last night and recently raised its dividend 7% and a \$113M deal for High Ridge Brands. Shares trade 13.55X Earnings, 1.7X Sales and 27.3X FCF with a 1.52% dividend yield. Forecasts expect revenue growth to accelerate to 4.3% in 2020 which would be its best since 2015 while EPS seen rising 8.7%. PRGO gets 80% of sales from consumer businesses and 20% from RX Pharmaceuticals. It is in year one of a 2-3 year transformation reconfiguring its portfolio. Analysts have an average target of \$60 with short interest at 3.8% of the float. Cantor raised its target to \$70 on 1/21 expecting multiple expansion after solid execution. Argus upgraded to Buy in October positive on the business transformation. Hedge Fund ownership fell 16% in Q4 filings, Sound Shore a notable concentrated holder.

### Hawk Vision:



**Hawk's Perspective:** **PRGO** is an interesting story I had not looked at in a while, but currently in a market to sit back and be patient and let names set back up once headlines fade.

**Confidence Ranking:** \$\$