



FEATURED OPTIONS RADAR REPORT



Walgreens Bulls Positive on Strategic Moves, Vaccine Tailwinds

Ticker/Price: WBA (\$53.25)

Analysis:

Walgreens (WBA) buyer of 1000 October \$55 calls for \$4.40 this morning and follows the \$57.50 calls being bought earlier this week and some Jan. 2023 puts sold to open. WBA still has 10,000 April \$55/\$45 bull risk reversals in open interest as well from 2/22. Shares have been strong in 2021 and currently a bit extended after bouncing over 17% off of the rising 50-day in early March. WBA is working out of a longer-term base and downtrend with room back to \$60 and then the next big volume node around \$68. The \$45.77B company trades 10.5X earnings, 0.32X sales, and 41X cash with a 3.45% yield. WBA kicked off 2021 with a big deal to sell their Alliance Healthcare business to AmeriSourceBergen (ABC) for \$6.5B, a move that ultimately will allow them to deleverage their balance sheet and focus on growing the core retail business. The company was at the JPM Conference in January noting that they expect to allocate much of the capital towards further investments in tech and digital as well as the intersection between physical stores and their digital presence has narrowed due to COVID. WBA also expects to roll out a 'tech driven' healthcare startup later this year, a project aimed at building out a patient platform to simplify the healthcare process including connections between payers and providers. Analysts have an average target for shares of \$45 with a Street High \$56. MSCO positive yesterday seeing vaccine reimbursement as a windfall for pharmacies. They note the CMS's decision to increase Medicare payments for the administration of COVID -19 vaccines with higher reimbursement that could translate into as much as three times higher average EBIT per person vaccinated. Short interest is 1.5%. Hedge fund ownership fell 1.5% in Q4, Camber Capital a buyer of 3M shares as well as call options on 1M additional shares. The last notable insider buy was around current levels back in April 2019 when the Co-COO bought \$982,000 in stock at \$54.56.

Hawk Vision:



Hawk's Perspective: WBA has run a lot recently and entry back near \$51 and the 21-day would be an attractive risk/reward spot for a continuation higher

Confidence Ranking: \$\$