



Bulls Accumulate Bullish Positions in WhiteWave

Ticker/Price: WWAV (\$46.70)

Analysis:

WhiteWave Foods (WWAV) buyers today of 2,500 October \$50/\$40 bull risk reversals for \$1.03 to \$1.07 debit to open and also seeing traders roll 1,750 July \$47.50 calls out to August \$52.50 calls which open at \$0.50 to \$0.65, continuing to position for upside. WWAV has some notable short puts in open interest including 5,000 October \$37.50 puts (risk reversal with \$47.50 calls) and 5,000 January \$35 puts last week. WWAV shares are breaking out of a bull flag over \$46.89 today and on a weekly basis over \$47.50 room back to the July highs at \$52.50. Shares pulled back to the 50% Fibonacci from the four-year bull trend in February at \$32.50. The \$8B organic food company trades at 28X earnings, 2X sales, and 6X book with earnings growth of 18-20%. The maker of Silk and Horizon organic dairy products posted a strong report in May with revenue up 14% with strong sales momentum from recent acquisitions Vega and Wallaby. Wells Fargo raised estimates on 5-13 with a \$50-\$52 target with sales of yogurt and frozen dessert products an undervalued opportunity. Maxim raised their price target to \$55 on 5-10 seeing FY guidance conservative as their accretive deals continue to outperform and the fresh products business accelerates. Institutional ownership rose 2.88% last quarter, notable buys from Apex Capital. Short interest is 5.67%, down from over 7% in February. WWAV has long been considered a prime M&A target for Coca-Cola (KO) who is looking to revitalize growth and lacks a strong footing in the organic space and recent legislative pushes into sugary drinks and drive away from carbonated beverages, especially in the US markets, could be a catalyst to explore a deal.

Hawk Vision:



Trading Strategy: WWAV has made a strong 5 day run, so not the optimal entry at this time, but remains a buy the dip play from all the large put sales we have highlighted the past few weeks.

Confidence Ranking: \$\$\$