



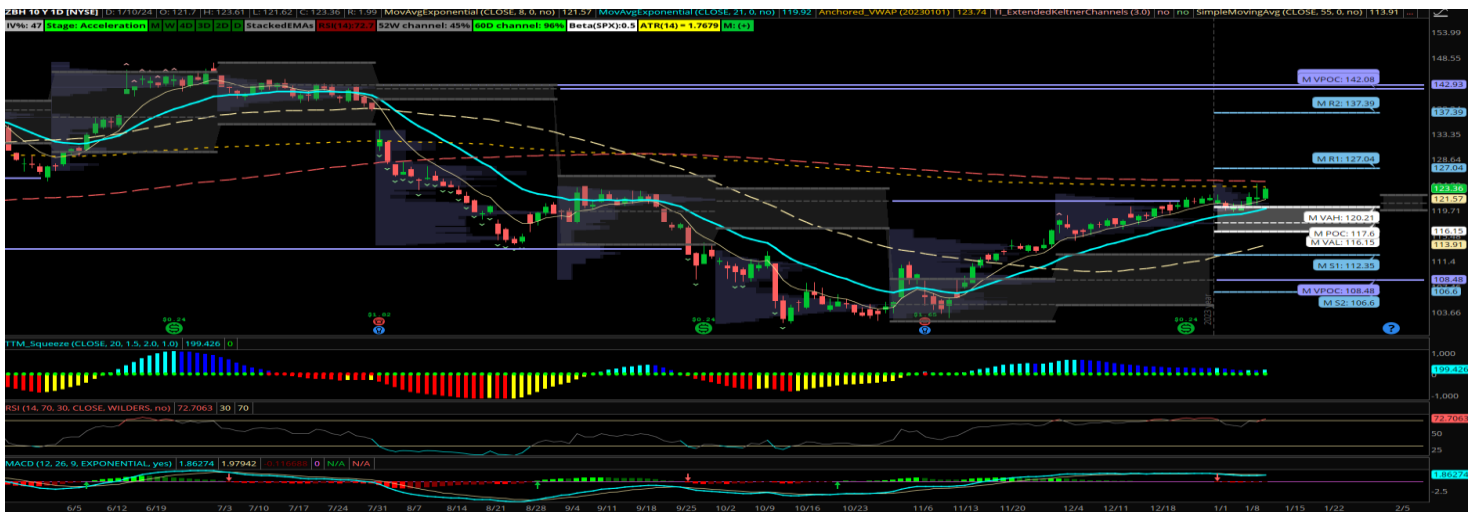
### Med Tech Name Recovering off Bottom Sees Large Call Buyer

**Ticker/Price: ZBH (\$123.45)**

#### Analysis:

**Zimmer Biomet (ZBH)** had a large unusual trade hit the tape on 1/9 when 2500 March \$125 calls were bought for \$4.20 and over \$1.1M in total call premium buying for a follow through higher potentially into earnings next month. ZBH does not have a lot of notable open interest and this trade being the largest in our database while also still has 1900 March \$95 short puts from opening sellers at 1.65 back in August and also the May \$80 short puts holding in OI. The \$15.3B med tech company trades at 15.3x earnings, 4.0x sales, FCF yield of 6.0% and revenues expected to rise +6% in FY23 and growth estimated at +4% in FY24. The Company designs, manufactures and markets orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; craniomaxillofacial and thoracic (CMFT) products; surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. Shares have been recovering strongly since the bottom near 100 back in November lined up with a double bottom from 2022 and now back over the 120 level with the 200 day MA just above here at 125 the next objective to clear for a more longer term all clear signal to likely move to higher highs. The name could pullback a touch here to form a right should of a nice-looking inverted H&S pattern with 117.50 being strong support just below. A move above 125-127 likely extends up to fill the gap at 140 with a VPOC also untested at 142. Average analyst price target is \$131. Truist raised its target to \$133 from \$115 and keeps a Hold rating citing dwindling recession fears, a downward interest rate bias/perception, a more pragmatic view toward the GLP1 overhang/impact, and an attractive sector growth profile for MedTech next year. After a tough 2023 in healthcare, MedTech could be a relative destination for funds within healthcare and even inter-sector as a "beta/growth" segment that underperformed. Citi entering 2024 cautiously optimistic on US MedTech companies and recently saying MedTech trades well in an election year, and GLP-1 concerns are well understood. They upped their target to \$130. Baird has a \$149 target and is bullish on the name as they still see a company moving past multi-year turnaround efforts and at least closer to sustained MedTech-like growth, yet a stock that's trading at even bigger discounts to MedTech peers. Short interest is at 1.1%. Hedge fund ownership rose 15%. Holocene Advisors started a new position of 1.2 million shares last quarter while Jupiter Assets also bought 452K shares. Back in November a director bought 2,135 shares at \$104.75 worth over \$224K.

#### Hawk Vision:



**Hawk's Perspective:** ZBH is looking like it should rebound further into 2024 and MedTech names doing well in election years is a bonus. The March \$125 calls are a easy way to play a move higher and can make it a call diagonal to hold into earnings by selling a Feb \$135 call at \$1.00 potentially.

**Confidence Ranking: \$\$\$**