



Sealed Air Calls Hot as Company Makes Deal, Restructures and Insiders Buy

Ticker/Price: SEE (\$41.15)

Analysis:

Sealed Air (SEE) unusual early action buying 1500 June \$41 calls to open \$1 to \$1.10 and rising to above 3000X with action flowing in the opening ten minutes of trade, a name with 1,500 July \$44 and 1,100 January \$40 calls in open interest from buys as well. SEE shares are trying to hold near the \$41 level as the 55 week MA, just above weekly cloud, and a 38.2% Fibonacci retracement of the rally off the Q4 lows. The \$6.5B packaging Co. for food and other products trades 13.5X Earnings, 10.4X EV/EBITDA, 1.38X Sales and 25.9X FCF with a 1.55% yield. SEE has seen some notable insider buys since last August from the CEO, Director and Senior VP. The company grew revenues 6% each of the last two years and sees EPS growth of 9-12% each of the next three years. It announced a \$510M deal for Automated Packaging Systems earlier this month and sees the deal accretive to EBITDA this year and opening up cross-sell opportunities. SEE is seen capitalizing on trends like fresh food and e-commerce markets. It sees large market opportunities in Fulfillment, Protein Packaging, Unpacked to Packed, Seafood, Bio & Thermal Assurance for e-Food and e-Pharma, and e-Commerce. Analysts have an average target of \$48 on shares and short interest at 5.5% of the float is hitting a one-year low. RBC raised its target to \$43 in February while BMO recently upped to \$54 as its restructuring program is in the early innings. Hedge Fund ownership rose 3.3% in Q1 filings, Kensico Capital a notable holder slightly reduced its position while Rivulet Capital has a 19% weighting.

Hawk Vision:



Trading Strategy: SEE looks like one of the better stories in packaging and have an alert just above the 8 MA for some price confirmation

Confidence Ranking: \$\$