



Bears See More Problems for Tupperware

Ticker/Price: TUP (\$16.30)

Analysis:

Tupperware (TUP) buyers of 3,000 ITM November \$20 puts today for \$4.10 and then 600 of the \$17.50 puts for \$2.10 to \$2.20 ahead of earnings on 10-30 and follows buyers of 4,000 November \$15 puts recently around \$1.40. TUP remains in a steady downtrend off by more than 50% for the year despite a recent bounce in shares and a move under the 8-EMA at \$15.50 has room back to \$14 and then the recent lows near \$12. The \$793M company trades 4.5X earnings, 0.4X sales, and 4.5X cash with a big 6.6% yield. TUP has taken down estimates dramatically this year and now sees low-single digit EPS growth next year with revenues down 2.5%. Margins remain under pressure with FX weighing and a shift towards more mid- and low-price items. TUP is coming off another weak quarter with China and Brazil sales dragging amid more competitive activity. The company is undergoing a massive turnaround plan with new management investing in e-commerce and mobile ordering rollout but not expecting improvement until early 2020 at the earliest. Analysts have an average target for shares of \$26.50 with limited coverage. BAML with an Underperform rating for shares and \$14 PT. They think all of the management initiatives announced so far have yet to really move the needle while meaningful headwinds persist and leverage is elevated. Short interest is 9% and rising this month to its highest level since early 2017. Hedge fund ownership rose 25% in Q2. Sandler Capital a holder of put options. TUP has seen a lot of smaller insider buying this year including a \$500k purchase from a director in August at \$15.

Hawk Vision:



Hawk's Perspective: TUP remains a name with a very limited future and continue to see it struggling to survive.

Confidence Ranking: \$\$