



FEATURED OPTIONS RADAR REPORT



Long Term Bulls Position for Tyson Recovery

Ticker/Price: TSN (\$57)

Analysis:

Tyson (TSN) with a confident trade on 10/28 as 1000 January 2023 \$55 puts were sold to open \$10.50 to \$10.25 with shares near \$57. TSN will next report on 11/16 and also has 1600 January 2022 \$65 calls in open interest from buyers on 6/4 as well as several January 2021 short put positions currently underwater at \$80, \$75, and \$70 strikes. TSN shares trading in a \$56/\$65 range since May and sit back near support, a name yet to recover as much as the market. TSN is positioned well for the increasing global demand for protein and is 36% Beef, 31% Chicken, 20% Prepared Foods, and 10% Pork. As for distribution channels Consumer Products is 45%, Foodservice is 31% and hit hard by shutdowns, International at 13% and Other at 11%. TSN sees a massive market opportunity that it has a 20% market share. The \$20.8B company that has long been a strong operator during healthier environments trades cheap at 9.9X Earnings, 0.5X Sales and 10.9X FCF with a 2.9% yield. Forecasts call for revenues to rebound 3.7% in 2021 and EPS 16% growth. TSN has been held back by its Chicken business with current industry capacity and weak pricing, while the Beef/Pork businesses are outperforming. The Prepared Foods business drives margin expansion and earnings stability for its portfolio and is a key growth engine with Hillshire Farms and Jimmy Dean two key brands. Analysts have an average target of \$73 with short interest low at 1.8% of the float. JPM raised its target to \$70 in August noting any indication of healthier restaurant trends would make TSN shares attractive at this valuation. Hedge Fund ownership fell 4.5% in Q2 filings, Aristotle Capital adding to a top position.

Hawk Vision:



Hawk's Perspective: TSN is cheap on valuation and the long-term recovery is likely for a quality operator, but current news makes headwinds persist for now, more of a long-term investment name than a swing-trade.

Confidence Ranking: \$\$