



FEATURED OPTIONS RADAR REPORT



Bulls Load Up on SunOpta After Unit Sale

Ticker/Price: STKL \$10.34

Analysis:

SunOpta (STKL) intriguing name that has seen elevated activity since 11/30 with buyers in accumulating the June \$7.50, \$10, \$12.50, and \$15 calls. Shares have been on a sharp rally and starting to work out of a small flag with around 15% of upside about \$10.40. The \$953M company trades 70X earnings, 0.76X sales, and 16.44X FCF. STKL sells plant-based and fruit-based beverages and set to become a pure-play as they have agreed to sell their organic ingredient sourcing and production business to Amsterdam Commodities for €330M. They have majority exposure to retail and private label products (39% of revenue) with foodservice (36%) the second-largest. The company is positioned well as a low-cost producer in a growing, on-trend categories like broth, non-dairy milk, and frozen fruit which are all gaining shelf space. They also note that plant-based foods have grown 29% over the last two years to become a \$5B category. STKL has also been a turnaround story after investing in automation and other productivity and supply chain initiatives to boost margins. Analysts have an average target for shares of \$12.65 and a Street High \$15 at Craig Hallum. Lake Street positive on 12/9 noting that the company's multi-year turnaround is now largely complete and the sale of the global ingredients business - which "makes sense" - remains on track. Short interest is 1%. Hedge fund ownership fell 0.50%. Engaged Capital a top holder with 9.8m Shares.

Hawk Vision:



Hawk's Perspective: STKL is clearly pretty extended but a real interesting story and the divestiture positions them well as a pure-play in a high-growth CPG theme, one to watch for on dips

Confidence Ranking: \$\$