



FEATURED OPTIONS RADAR REPORT



Put Sale Sees Value in Medical Products Leader

Ticker/Price: BDX (\$246.75)

Analysis:

Becton Dickinson (BDX) with a rare notable trade on 1/11 as 1000 January \$220 puts sold to open at \$9 and currently are priced closer to \$10, a name with minimal open interest, the March \$240/\$175 strangles sold to open on 11/4. BDX shares have been in a very choppy range since 2018 in the \$220/\$265 zone and a push higher could start a trend move to \$300+. BDX has slipped out of monthly value this week but put in a reversal candle on the rising 55-MA while \$238.50 is VWAP support off the October lows. BDX is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. BD's operations consist of three worldwide business segments: BD Medical, BD Life Sciences and BD Interventional. The company has been transforming its innovation pipeline with 60% of new product development invested in 3 market spaces that are reshaping health care and helping to fuel our growth: smart connected care, enabling new care settings and improving chronic disease outcomes. BDX has also deployed \$2B to tuck-in acquisitions. The \$70B company trades 18.5X Earnings, 16X EBITDA and 3.7X Sales with a 1.47% yield. Forecasts see flat revenues with 5% EPS growth in 2023 before accelerating in 2024. BDX should also benefit from abating FX headwinds in coming quarters. BD continues in active discussions with FDA and maintains Alaris' return to market in LRP targets. Analysts have an average target of \$270 and short interest low at 0.8% of the float. MSCO is at Overweight saying the combination of a more visible mid-single digit growth profile and margin expansion opportunities, along with a flexible balance sheet, suggests upside is ahead. BAML upgraded to Buy on 1/3 with a \$290 target on strong execution with a path to multi-year double-digit EPS growth while feeling better about litigation risk.

Hawk Vision:



Hawk's Perspective: BDX strategy here makes sense willing to own the name below the October lows via those put sales, a quality name with growth and margins set to improve.

Confidence Ranking: \$\$