



## FEATURED OPTIONS RADAR REPORT



### Sneaky Bullish Bets on Lagging Med-Tech into Investor Day, Spin-Off

Ticker/Price: BDX (\$251.50)

**Becton Dickinson (BDX)** an unusual trade on 9/27 as 400 March \$250 at-the-money calls were bought to open for \$15.80, not a massive trade but more than \$600K in a name lacking much notable positioning outside of 300 January 2023 \$290 OTM calls bought to open on 9/1 and 9/2 above \$12. BSX has been in a sideways pattern since 2018 but since March 2020 has put in multiple higher lows and now above VWAPs off the 2020 highs. BDX has pulled back off a key \$264 level, the high-end of a long volume zone, and the past week pulled back to YTD VPOC and the rising 200-day moving average as potential optimal entry. 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 latter containing CR Bard products, a major acquisition it made in late 2017. BDX revenues at 57% Us and 20% Europe and has leading market positions across all of its segments. BDX has a market cap of \$72.4B and trades 20.3X Earnings, 3.65X Sales and 23.3X FCF with revenues seen rising 17% in 2021 with one quarter remaining but EBITDA down 7.8% and FY22 seen as revenues -2.4% Y/Y and EBITDA -3%. BDX has faced major margin headwinds that has weighed on shares which have underperformed peers as well as a lot of exposure to COVID impacts. BDX announced plans in May to spin off its Diabetes Care business as a potential catalyst in 2022. BDX also sees a robust growth trajectory in China where it only has 5% exposure. BDX will hold an Investor Day on 11/12/21 as a near-term catalyst and could further discuss the product portfolio and further M&A potential. BDX also recently received EUA approval for its Veritor At-Home COVID Test. Analysts have an average target of \$270 with short interest at 1.7% of the float. Fundsmith, Generation and Longview each have substantial holdings in BDX.

#### Hawk Vision:



**Hawk's Perspective:** BDX is a value name where we are awaiting organic growth inflection and margin stability, shares have come in to a nice level and above \$264 can see \$300 with clear upcoming catalysts, so like the reward/risk set-up.

**Confidence Ranking:** \$\$