



## Inside Today's Blitz

- Congress Certifies Biden Win After Chaotic Day on Capitol Hill
- **Roblox** raises capital at \$29.5B valuation, seeking direct listing; **COST** Dec. sales decelerate M/M; **PKI** to buy **OXFD** for \$591M; **Atos** makes \$10B takeover approach to **DXC**

## Market Outlook

Futures are indicating a modestly higher open for the day with the **Dow** up 24 bps, the **S&P** up 34 bps, and the **Nasdaq** up 55 bps. The **Russell** is down 15 bps. Energy is pulling back a little with **Brent** down 35 bps. **Natural Gas** is down 1%. **Gold** and **silver** are both gaining ground with the latter up 58 bps. **Grains** are pulling back a bit. The **dollar** is up 36 bps. **Bonds** are flat. The **VIX** is 24. Markets are working on a quiet morning today and seemingly completely isolated from the rest of the news flow today which is all focused on the events in Washington yesterday. Trump's challenges to the electoral college hit their end last night after Congress formally recognized Joe Biden as the next President. Meanwhile, there are a number of resignations in the White House today in the aftermath of the Capitol siege yesterday and likely to continue to dominate the headlines today. Elsewhere, both Georgia races are official with Democrats sweeping, although

some commentary this morning that even with the 'Blue Wave' it will still be very difficult for Biden to pass some of his more controversial packages like tax hikes.

Asian markets are rising this morning amid optimism over growth policies expanding under Biden. Chinese stocks are higher for the sixth straight session after the Central Bank pledged to keep their monetary policy accommodative in 2021. Shanghai was up 71 bps, Hong was down 52 bps, and Japan's Nikkei was up 1.6%. Financials were strong with **Dai-ichi Life** and **MUFG** both up around 3.5% to 7%. European markets are mostly higher after the resolution of the US electoral process. There's also higher expectations for stimulus in the future. The DAX is up 50 bps, CAC up 40 bps, and FTSE down 30 bps. **Sainsbury** rose 4% after a positive Q4 update. **Mitchell & Butlers**, a leading operator of restaurants and bars, was down 7.5% after guidance and an offering. **Entain** rose modestly after their bid to buy Sweden's **Enlabs**. **MorphoSys** is up 2.5% after the biotech made some executive changes. **Delivery Hero** is down 2% after a share offering.

## Calendar

**Today...** Exports/Imports, Weekly Claims, Trade Balance, ISM Non-Manufacturing PMI; **International Data:** Eurozone CPI, Eurozone Retail Sales, German Factory Orders, UK Construction PMI; **Earnings Before the Open:** AYI, ANGO, BBBY, CAG, STZ, HELE, LW, LNN, REVG, WBA; **Earnings After the Close:** ACCD, DCT, MU, PSMT, WDFC

**Tomorrow...** Non-Farm Payrolls, Unemployment Rate; **International Data:** Eurozone Unemployment, UK Housing Prices, German Industrial Production

## Overnight Markets

Lumber	705	5.45%
Silver	27.27	0.82%
Gold	1920.4	0.62%
US Dollar	89.86	0.39%
Oil (WTI)	50.75	0.24%
Copper	3.656	0.15%
Bonds	169.69	-0.02%
Natural Gas	2.693	-0.85%

## Technical View



### Key Levels to Watch

A rather quiet night for S&P futures with the majority of the night spent regaining the late drop from Wednesday's session. We made it back above 3770 before fading a bit into the EU open and now sitting just below VWAP for the night at 3758. The pullback yesterday afternoon went right to the 50% point of the day and that'll be a key spot to watch today under 3735.

## Economic Data

- **Australian** exports rose 3% vs -2% est.
- **China** FX reserves were \$3.216T vs \$3.2T est.
- **EU** CPI was in-line with estimates for -0.3%
- **EU** retail sales fell 6.1% in November vs -3.4% est.
- **German** factory orders were up 2.3% vs -0.5% est.

## Macro News

- **Japan** declares state of emergency for Tokyo as they aim to curb the spread of COVID, says Reuters
- **Biden** election victory certified by the Congress and Trump commits to an orderly transition of power, says CNN

## Sentiment

- **The WSJ with a critical opinion piece on SPACs.** They note the hot new way to take companies public hurts most investors, and its track record is now clear.

### Movers

**Gainers:** PLUG 27%, CVAC 16%, FCEL 15%, BE 11%, BLDP 10.5%, MSTR 9%

**Losers:** BBBY -11%, UUU -8.5%, PLYA -7%, CHL -5%

### Insider Buying

GEF

### IPO Monitor

There are no upcoming IPOs currently available for this week.

## Stock-Specific News

### Consumer

- **Roblox** has raised \$520M ahead of direct listing, says CNBC. The financing round, led by Altimeter Capital and Dragoneer Investment Group, values Roblox at \$29.5 billion.
- **Costco (COST)** December SSS up 10.9%, a slight deceleration from November 14.9%; e-commerce sales up 61.6%
- **L Brands (LB)** preliminary numbers sees Q4 EPS \$2.70-\$2.80 vs. Street at \$1.96
- **AMC** in talks with Apollo on a leveraged finance deal that would be backed by their EU assets, says WSJ
- **MGM** says they remain committed to Macau despite Snow Lake letter
- **Entain** makes \$343M bid to buy **Enlabs**, a Swedish-based sports betting firm, says Reuters
- **Sainsbury** is raising their outlook after a strong Holiday season, per AP
- **LVS** Chairman Adelson to take medical leave of absence
- **PLYA** to sell 35M shares of stock
- **Impossible Foods** cuts wholesale prices by 15% for second time in one year

### Financials

- **Ant Group** is considering restructuring their consumer operations so it can continue lending in China, says Bloomberg
- **USB** buying the client portfolio of MUFG Union Bank including 600 clients and \$320B in AUM
- **MPW** to acquire GBP800M in behavioral hospitals in the UK

### Healthcare

- **Cigna (CI)** to deploy at least \$2B toward share buybacks in Q1, initiates dividend of \$1/share
- **PerkinElmer (PKI)** to acquire **Oxford Immunotec (OXFD)** for \$591M Cash at a 28.3% premium, \$22/share
- **ALNY** reports positive topline results from HELIOS-A phase 3 study of vutrisiran in patients with hATTR amyloidosis with polyneuropathy; met primary and all secondary endpoints at 9 months
- **MRNA** on track to deliver up to 1B doses of vaccine, says Reuters
- **ARGX, ZLAB** in licensing pact to develop efgartigimod in China
- **CVAC, Bayer** reach alliance deal over COVID vaccine, says Reuters
- **RGNX** files to sell \$175M in stock
- **ALDX** announces positive top-line symptom and sign results from run-in cohort of phase 3 tranquility trial in dry eye disease

#### Sympathy Movers

**Unity (U)** a notable competitor to Roblox

#### Sympathy Movers

**BYND** a rival to **Impossible Foods**

#### Hawk Database

**ALNY** with recent buyers in the Feb. \$120 calls and June \$140 calls while 2000 OTM Jan. \$145 calls sit in OI from October, although underwater, but above \$140 it could get some momentum today

## Industrials

- **General Motors (GM)** passes **Ford (F)** in closely watched truck race, says WSJ. The company sold more pickups than their peer for the first time since 2015
- **Volvo Cars** posts 6% sales rise in December as recovery continues
- **VNE** expects to return to organic growth in Q4, sees acceleration in 2021, per Reuters
- **LGIH** December home closings up 54.9%
- **BLNK** announces 5M share offering
- **NIU** Q4 e-scooter sales rose 40.9%
- **Ryanair** cuts their traffic outlook following the latest lockdown measures in the US, says Reuters
- **ACT** released preliminary truck orders for December: Class 8 orders of 50.9k, up 153% YoY

### Radar Focus

**GM** with large buying in the March \$50 calls yesterday, focus of a write up on 1/6

### Sympathy Movers

**CMI, ETN, PCAR** some Class 8 Trucking Plays

## Energy/Materials

- **Plug Power (PLUG)** receives \$1.5B investment from **SK Group** and form partnership to accelerate hydrogen as an alternative energy source in Asian markets
- **LafargeHolcim** will buy **Firestone Building Products** for \$3.4B, says Reuters. The purchase of the roofing products business is the biggest under CEO Jan Jenisch
- **Saint Gobain** says Q4 sales significantly outperformed expectations, per Reuters. The company saw record operating margins in the 2H
- **PGTI** to acquire 75% ownership in Eco for \$108M

## Tech/Telecom

- French IT firm **Atos** makes \$10B takeover approach for **DXC Tech (DXC)**, says Reuters. If successful, a tie-up with DXC would boost Atos' presence in the United States
- **Perspecta (PRSP)** activist Veritas raises stake to 11.7%, sees talks about a potential transaction
- **TMUS** says prelim Q4 net customer adds hit 1.7M and 5.6M for the FY, slightly above Street consensus, the highest annual number in four years
- **TWTR, FB** take punitive action against Trump accounts
- **HIMX** sees Q4 above forecasts w/ revs up 14.9% vs 10% prior
- **Automotive chip demand rising**, says Digitimes, but foundry supply remains tight, with UMC having recently raised its quotes for its 12-inch wafer fab services
- **Wayfair (W)** announces \$15/share minimum wage for all US employees

### Hawk Database

**TMUS** with size February \$125 puts sold to open recently and also buyers in the January \$135 calls, spread with the \$140 calls, and shares with a nice multi-week consolidation

## Analyst Notes

### Upgrades

- **JPM** raised to Buy at BAML, uniquely better-positioned to benefit from a US consumer recovery & steeper yield curve
- **ANET** raised to Buy at Rosenblatt, sees the company resuming "steady growth" heading into 2021 due to easier compares and an improved outlook in its cloud hyperscale sector
- **MCD** raised to Outperform at OpCo, the analyst believes McDonald's "dominant" U.S. business enters 2021 armed with upgraded sales strategies to drive outperformance. Further, he sees potential for an offensive recovery in the "hard-hit" international business
- **QSR** raised to Overweight at Stephens, expects rotation into the stock from higher multiple names as Burger King has the easiest compares among its peers and Tim Hortons Canada should benefit as mobility normalizes
- **PKI** raised to Overweight at Wells Fargo, PerkinElmer's COVID testing sales have far exceeded all expectations, but thinks its opportunities in Diagnostics extend beyond COVID
- **SEE, AVY** raised to Buy at Citi, Paper offers "compelling" risk/reward profiles, with containerboard stocks trading near an all-time low versus the S&P 500 on next 12 months EBITDA despite a relatively strong performance in Q4
- **FL** raised to Outperform at Cowen, Beyond Q4 of 2020 and Q1 of 2021, which will benefit from stimulus checks, sell-side estimates appear too low through 2022 on sales and earnings
- **CS** upgraded to Overweight at JP Morgan
- **RVI** upgraded to Overweight at MSCO
- **MTB** raised to Buy at BAML
- **MOS** raised to Overweight at JPM
- **AVNT** raised to Buy at Jefferies
- **TPR** raised to Overweight at Barclays
- **TSLA** raised to Perform from Underperform at RBC
- **USB, HWC, PBCT, SNV, WFC, WBS, JPM** raised to Buy at Jefferies
- **BJRI** raised to Overweight at Stephens
- **ODFL** raised to Outperform at Wolfe

#### Chart Watch

**MCD** shares basing for a few weeks now, above \$218 the real trigger level for a breakout.

#### Hawk Database

**QSR** recent positioning has seen spreads sell 3500 February \$50 puts to buy 3500 of the \$62.5/\$70 call spreads

#### Hawk Database

**TPR** has 6500 January \$30 calls in OI from size buys and also seen steady buying across some February call strikes.

## Downgrades

- **VNE** cut to Underperform at RBC, lacking conviction behind the company's strategic pivot and believes that its mid-term margin and free cash flow trajectory could prove overly aggressive
- **KO** cut to Neutral from Overweight at JPM, sees increased risk that the company loses its current tax dispute with the Internal Revenue Service. In November, the U.S. Tax Court ruled in favor of the IRS, which determined that Coca-Cola would owe \$3.3B in taxes for the tax years 2007 through 2009
- **SMPL** cut to Hold at Stifel, cites valuation and "valuation only" for the downgrade. Simply's business continues to perform well, especially in light of the negative effect on the category from the pandemic
- **WAT** cut to Underweight at Wells Fargo, the analyst thinks that the process to repair the growth trajectory will take years
- **MMM** cut to Underperform at BAML on PFAS risks after Democratic sweep
- **KR, UNFI, BIG, ACI** cut to Underweight at Barclays
- **AXS, CNA, USB** cut to Underperform at BAML
- **APD** cut to Neutral from Buy at Jefferies
- **RACE** cut to Neutral from Buy at Citi
- **DPZ** cut to Equal Weight at Stephens
- **CBOE** cut to Underweight at JPM
- **FDX** cut to Perform at Wolfe
- **PCAR** cut Underperform at Wolfe
- **SEDG** cut to Neutral from Positive at SIG
- **SC** cut to Sell at Goldman

### Hawk Database

**KR, UNFI** each seen some size put buying in OI. **KR** has 10,000 April \$35 puts bought in OI. **UNFI** has 12,000 May \$25 puts.

## Initiations

- **INCY** started Buy at Truist, offers a "stable" base business with blockbuster potential for its dermatology franchise. The company's investment in portfolio diversification last year met with "mixed progress" and the stock underperformed, but further pipeline progress with key inflection points likely awaits in 2021
- **CVLB** started Buy at BTIG, Conversion's business is gaining "very significant momentum" and that ultimately a larger strategic entity may seek to acquire the company
- **INOV, ACCD, TDOC, EVH, TLMD** started Buy at BTIG
- **MGTA** started Buy at Mizuho
- **ORTX** started Overweight at Cantor Fitzgerald

### Radar Focus

**INCY** with 3000 Jan. 2022 \$90 puts sold to open for \$17.70 on 1/5, focus of a recent write up

## Other Commentary

- **PENN** target to \$100 from \$84 at Piper, the firm estimates the New York market to be worth about \$650M, but says questions remain on how the state would manage the industry. Cuomo intimated that the New York Lottery would be the sole manager, which is similar to Oregon and New Hampshire
- **AVGO** target raised to \$500 at Piper, a Top 2021 Pick, near-term set-up is favorable given the strength in cloud/hyperscale and 5G wireless handsets
- **TWTR** negative catalyst watch at Citi into earnings, Third party data indicates downside risk to Q4 Street monthly daily active user estimates. The setup looks similar to Q3 of 2020, when monthly daily active users missed the Street, resulting in a 21% selloff
- **NVDA** positive catalyst watch at Citi into CES, sees a hyperscale-led data center demand recovery in the first half of 2021 and sustained PC gaming demand despite tight supply to drive upside to near-term Street estimates
- **MU** target raised to \$105 at BAML
- **ROKU** target to \$400 from \$315 at Needham
- **WDC** target to \$64 from \$54 at Stifel

### Hawk Database

**PENN** with buyers in the February \$100 calls over 3000X yesterday while the June and Jan. 2023 calls active recently as well

## Trade Ideas

**West Pharma (WST)** setting up well on weekly with a bull flag under \$300 and measured move out to \$340 on a run higher. MACD is nearing a bullish cross and RSI setting up well after a reset, ready to run and continue the longer-term trend. WST is coming off a strong quarter with 18.2% organic growth including double-digit growth in biologics and contract manufacturing. WST is well-positioned for continued growth in 2021 as trends like automation and digital acceleration continue.



### Technical Scans

**Ready to Run:** FVRR, GRMN, RH, APH, ARNC, BAH, CB, CE, CTAS, HON, KLAC, PH, PPG, TROW

**Bullish Reversal Days:** ARWR, MSCI, POOL, SHW, UNH, ACAD, ANTM, CMCSA, CPRI, IOVA, MRTX, ROST, TYL

**10-Week MA Test:** ACAD, ROL, PEGA, PLAN, TYL

**Squeeze Breakout:** PKI, TSM, HLF, IIVI, TGT, NTR



## Insider Focus

**Berkshire Hathaway (BRK.B)** setting up well just below new highs and notable insider buy on 12/18 from a director, Ronald Olson, adding 4,000 shares of the Class B stock at \$222.33. This is the first open market buy in the name since 2018 when Ajit Jain bought \$1.2M in stock at \$199.82 and follows a \$1.7M buy in the Class A stock earlier this year from another director. The weekly bull flag in BRKB has a trigger at \$233 and measured move to \$250. The rising 8-week EMA is just below this week's range. The \$559.5B company trades 21.2X earnings and 2.26X sales with mid-20% EPS growth. BRK.B was active in 2020 with equity investments in Snowflake (SNOW), a number Japanese trading brokerages, and many large-cap pharma names while dealmaking remained more nimble around financing a deal for Scripps, another deal financing for Occidental, and buying assets from Dominion. They also bought back another \$6.5B+ in stock, more than ever. Berkshire has a lot of exposure to potential re-opening in 2021 including retail, manufacturing and industrial, rail, energy and more. Their Precision Castparts business should be especially sensitive to a ramp back in aerospace production as a maker of customer parts for the majors. Nuveen Asset Management, Eagle Capital, and Dimension Fund all notable holders.

## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
GM	March \$50 Calls	13,692	37,046	170.57%
DB	April \$12 Calls	3,121	7,956	154.92%
CHWY	February \$100 Calls	1,038	2,457	136.71%
MDLZ	Jan. 2022 \$55 Calls	1,584	3,186	101.14%
CI	January 2023 \$200 Calls	7,434	14,490	94.92%
OUT	March \$20 Calls	8,127	15,124	86.10%
UFS	February \$35 Calls	4,801	8,879	84.94%
WIX	April \$170 Short Puts	3,009	5,010	66.50%
TSM	July \$120 Calls	3,742	5,762	53.98%
PSX	May \$70 Calls	1,668	519	-68.88%

## What They're Saying

**Roku (ROKU)** at Citi TMT Conference... "And so yes, we talk a lot about the advertising market for connected TV. That's the single biggest opportunity. Obviously, we have businesses within Roku, everything from selling players, our license partners on the TV side, selling Roku TVs. And then we -- obviously, on the platform side, our monetization is primarily advertising, but then also we do share -- have rev shares with the subscription and transactions on the platform as well. But yes, there's some different sources. But in the U.S. alone, that TV advertising opportunity is about \$70 billion, and it's -- yes, I've seen double, maybe even slightly higher numbers globally than what you mentioned, but it's a big opportunity. And what's interesting is the consumers are really embracing streaming more than ever. And so you have, obviously, the size of Roku with 50-plus million active accounts is a good indicator. And certainly, the U.S. is kind of ahead of much of the world. But in terms of the advertising, it's still very early days. It's hard to get specific information. People have estimates, but what I've seen is largely the TV advertising budgets are probably still



somewhere in the single digits of movement versus you have in key demographics during 2020, seeing Nielsen data that says key demographics, almost half of their TV is being streamed as opposed to the linear TV side of things, but the budgets are well behind the viewership. And so we see that over time that likely the advertisers will have to rightsize those budgets.”

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## Extras

**Quidel (QDEL)** with 1000 February \$240 calls bought \$8.90 to \$9

**Editas (EDIT)** spreads selling 1000 February \$110 calls \$4.50 and buying 1000 May \$140 calls \$7.20

**Next-Era (NEE)** late trade buys 4000 March \$80 calls \$3.10 as 3000 of the \$75 calls close

**Coresite (COR)** into weakness with late day buyer 300 April \$115 calls for \$7.20.

**Nike (NKE)** also with 3000 February 5<sup>th</sup> (W) \$140/\$150 call spreads bought on a day with size April call buys

**Veeco (VECO)** put sale theme continued with over 6000 February \$18 puts sold for \$1

**Scorpio Tanker (STNG)** buyer 2000 July \$12 calls \$2 to \$2.10

**Spirit Aero (SPR)** opening sales 2900 July \$50 calls for \$4.20 to \$4.10

**Comcast (CMCSA)** stock replacement bought 5000 October \$50 calls for \$4.90

**Facebook (FB)** afternoon buyers of 3500 Feb. 5<sup>th</sup> (W) \$280 calls \$6.90+ to open, captures late January earnings

**Netflix (NFLX)** buyer 300 June \$490 puts for \$46.50

**Disney (DIS)** buyer 500 June 2022 \$155 calls \$43 to open

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## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
AYI	Acuity Brands		\$1.86		\$790.31		
ANGO	AngioDynamics	\$0.01	-\$0.02	\$72.80	\$67.33		
BBBY	Bed Bath & Beyond	\$0.08	\$0.20	\$2,618.00	\$2,738.01	-5.10%	
CAG	Conagra	\$0.77	\$0.74	\$2995.2	\$2,981.00	6.2%	
STZ	Constellation Brands		\$2.24		\$1,912.20		
HELE	Helen of Troy	\$3.76	\$3.02	\$637.70	\$551.85	34.30%	FY Above
LW	Lamb Weston		\$0.62		\$890.13		
LNN	Lindsay Corp	\$0.65	\$0.75	\$108.50	\$113.07	-0.80%	
REVG	REV Group	\$0.19	\$0.19	\$616.3	\$620.98	-5.6%	

WBA	Walgreens Boots	\$1.22	\$1.04	\$36,310.0	\$35,014.13
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**LNDC** – Beat on EPS and Missed on Revs - At Lifecore, we remain focused on supporting its business development pipeline and advancing commercialization of key projects to drive consistent long-term double-digit growth in a robust CDMO marketplace. At Curation Foods, we believe that we have right sized and focused the business and are beginning to demonstrate significant measurable improvements. This is perhaps most visible in Curation Foods' gross margin profile, which increased approximately 360 basis points to 9.4% in the fiscal second quarter compared to 5.8% in the prior year second quarter. We believe Curation Foods is well on its way to achieving our estimated steady state gross margin targets of 11% to 14% by fiscal year-end 2021 that we laid out previously. The improved consolidated cash flow generation, which was largely driven by the turnaround of Curation Foods, allowed us to close on a comprehensive refinancing of our debt facilities on December 31, 2020, which provides us the flexibility and terms to continue supporting growth initiatives at both our businesses. Looking ahead, we remain focused on further advancing our key pillars of success – simplifying the business, achieving operational excellence, and focusing on customer and consumer insight-driven innovation – to execute against our fiscal 2021 plan and to drive consistent improvement in our financial performance.

**HELE- Beats on EPS and Revenues (+34%), FY21 Above Street** - We delivered 34.3% growth in consolidated net sales behind continued momentum across each of our business segments, our Leadership Brands, the online channel, brick and mortar, organic business, core business, and international. Housewares net sales revenue increased \$39.2 million, or 21.4%, to \$222.4 million, compared to \$183.2 million. Growth was driven by an Organic business increase of \$38.8 million, or 21.2%, primarily due to higher demand for OXO brand products as consumers spent more time at home cooking, cleaning, organizing and pantry loading in response to COVID-19, which resulted in increases in brick and mortar, online and international sales. Health & Home net sales revenue increased \$64.3 million, or 34.6%, to \$250.2 million, compared to \$185.8 million. The increase was primarily driven by an Organic business increase of \$62.9 million, or 33.8%, primarily due to strong consumer demand for healthcare and healthy living products in domestic and international markets, primarily in thermometry and air purification, in both brick and mortar and online channels, mainly attributable to COVID-19. Beauty net sales revenue increased \$59.5 million, or 56.2%, to \$165.2 million, compared to \$105.7 million. The increase was driven by an Organic business increase of \$42.1 million, or 39.8%, as well as the net sales revenue contribution of \$17.5 million, or 16.6% growth, from the acquisition of Drybar Products.

**WBA** – Beats on EPS & Sales (+5.7%) - Our first quarter results exceeded expectations as we continue to deliver on our strategic priorities. As announced yesterday we have taken a major step forward in our transformation; we are divesting our pharmaceutical wholesale business with plans to use the proceeds to accelerate our investments in healthcare. While the business environment remains challenging, we are rising to the occasion with agility and discipline and we are confident in our outlook for adjusted EPS for the fiscal year. Retail Pharmacy USA had first quarter sales of \$27.2 billion, an increase of 3.9 percent from the year-ago quarter, including the impact of previously announced store optimization programs. Sales in comparable stores increased 3.7 percent from the year-ago quarter reflecting a 5.0 percent increase in comparable pharmacy sales and a 0.4 percent growth in comparable retail sales. Pharmaceutical Wholesale had first quarter sales of \$7.1 billion, an increase of 18.6 percent from the year-ago quarter. On a constant currency basis, sales increased 16.3 percent, including results of the company's new joint venture in Germany, which were consolidated as of November.

**CAG** – Beats EPS and Revenues - Second quarter net sales increased 6.2%, and organic net sales increased 8.1%, with significant growth in each of the Company's three retail segments on both a reported and an organic basis. Diluted earnings per share from continuing operations (EPS) for the second quarter grew 45.3% to \$0.77, and adjusted EPS grew

28.6% to \$0.81. We exceeded expectations on net sales, profitability, and de-leveraging while continuing to invest in the business. We have continued to selectively invest in production capacity and marketing support to increase the availability and awareness of our products to maximize long-term brand health. We remain confident that Conagra Brands is well-positioned to capture the benefits of the shifting consumer behavior, many of which we believe will continue well into the future. The continued business momentum, coupled with our disciplined approach to investment, reinforce our confidence in the long-term potential of the business and our ability to create sustained value for our shareholders.

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## Disclosures

### **Not Investment Advice or Recommendation**

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