



FEATURED OPTIONS RADAR REPORT



Stryker Put Sales See Limited Downside in Med-Tech Leader

Ticker/Price: SYK (\$256)

Analysis:

Stryker (SYK) with 1,000 January \$260 puts sold to open today \$23 to \$22.60, sizable trade in the name that has not seen a lot of notable positioning in 2021. SYK does still have 300 June \$200 calls in OI from a buyer in November, a more than \$1.35M buy. Shares have been strong since last August and hitting new highs recently after breaking out of a multi-week range that has further upside with a measured move to \$280. SYK has support around \$250 and the prior breakout level as well as the 50-MA. The \$99.5B company trades 25.5X earnings, 6.75X sales, and 43X cash. SYK is coming off of a mixed quarter but optimistic on surgical trends as the quarter ended and more states ease restrictions around COVID. Each of the company's three major franchises – Neurotech, Mako, and Medical – had double-digit growth versus 2019 and Mako specifically saw a big uptake in International installations. The company sees multiple other paths to further upside in 2021. They continue to integrate the Wright deal, which they admit has been complex and likely make more moves to look for the best way to align their long-term portfolio strategies. SYK also said they continue to look tuck-in deals to build out their Medical business including the recent TMJ acquisition which expanded their product reach into temporomandibular joint reconstruction. Analysts have an average target for shares of \$265 with a Street High \$303 from Citi who raised estimates last week. The firm thinks SYK has a clear recovery path in 2021 as COVID headwinds ease. Baird positive as well citing early integration success with its Wright Medical Group acquisition, improving hip/knee end markets, strong Mako demand, and ongoing cost controls. Short interest is 0.85%. Hedge fund ownership fell 1.35% in Q4.

Hawk Vision:



Hawk's Perspective: SYK is a high-quality name that has plenty of tailwinds in 2021 and back around the rising 50-MA at \$247 would be an area of interest

Confidence Ranking: \$\$