



## FEATURED OPTIONS RADAR REPORT



### Bulls Position for Strength in Protein Leader

Ticker/Price: TSN (\$76.40)

#### Analysis:

**Tyson Foods (TSN)** calls were active on 9/13 with buyers of 2950 January \$80 calls \$2.25 to \$2.60, a spot with recent buys on 9/7 as well and the \$75 calls have 4500 in open interest from size buys. TSN also has a lot of large short puts in open interest across January 2022 and January 2023 strikes including 4000 January \$80 puts. TSN will host an Investor Day on 9/15. TSN has pulled back recently to its large earnings gap after reporting a beat and raise with strength in Beef while Chicken struggled. TSN is in a strong weekly rising trend and above \$81.25 has a lot of room to run, a name that has not yet returned to pre-COVID highs near \$93.50. TSN is one of the world's largest food companies and a recognized leader in protein. The Company has a broad portfolio of products and brands including Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park® and more. Beef, Pork, Chicken and Prepared Foods are its four reportable segments. TSN has seen a number of headwinds in 2021 including cost inflation and supply shortages but continues to execute well amid a strong consumer demand backdrop. Wal-Mart is a large customer accounting for 18.7% of sales. TSN has a market cap of \$27.6B and trades cheap at 11X Earnings, 7X EBITDA and 13.5X FCF with a 2.38% yield. TSN forecasts see revenues rising 8.4% with 18% EBITDA growth with one quarter remaining in FY21 and for FY22 growth of 2.3% and -7.8% respectively. TSN is making strides to improve Chicken margins as changes in breed improve hatchability and plant utilization and reduce outside meat purchases. The White House has been vocal on lack of processing competition resulting in higher meat prices. Analysts have an average target of \$85 and short interest low at less than 1% of the float. BMO raised its target to \$95 on 8/10 expecting operational improvements through FY22. Argus raised to Buy in May with a \$92 target noting the healthy balance sheet and continued growth in protein demand while upside seen in new products, ecommerce and capacity expansion. Hedge Fund ownership dipped 2% last quarter, Aristotle a top holder.

#### Hawk Vision:



**Hawk's Perspective:** TSN surprisingly with a lack of short-term positioning into this 9/15 even, but overall like the value here and see it as a name that can trade up to \$100 into next year particularly if some supply/commodity pressures subside.

**Confidence Ranking:** \$\$