



FEATURED OPTIONS RADAR REPORT



Bulls Position in Industrial with Major Summer Catalyst

Ticker/Price: TXT (\$75.15)

Textron (TXT) a name that rarely sees large option trades saw two interesting trades last week with 800 December \$65 pus sold to open for \$440K and 600 September \$80/\$70 bull risk reversals opening. TXT also has 1000 April \$75 calls in OI from a buyer on 3/11. TXT shares worked to multi-week highs last week after basing on the 55-week moving average and moving back towards new highs. Textron is a multi-industrial operating in five segments with Aviation 37% of revenues, Bell 27%, and Industrial 25% with Commercial customers accounting for 74% of revenues and US Government at 26%. Textron Aviation is a leading seller of business jets via Beechcraft and Cessna aircraft. Bell is one of the leading suppliers of military and commercial helicopters, tiltrotor aircraft, and related spare parts and services in the world. Textron Systems segment develops and integrates a variety of products and services for U.S. and international military, government and commercial customers to support defense, homeland security, aerospace, infrastructure protection and other customer missions. The Industrial segment designs and manufactures a variety of products within the Fuel Systems and Functional Components and Specialized Vehicles product lines. TXT has a market cap of \$16.25B and trades 15.9X Earnings, 11X EBITDA and 13.5X FCF with revenues seen rising 8.2% and 6.2% the next two years with 15.7% and 9.5% EBITDA growth. Analysts have an average target of \$85 with short interest at 2.2% of the float. MSCO has an \$85 target and sees attractive valuation with a hot business jet demand market as well as pricing power and high operation leverage at the Aviation unit. They also make an interesting mention that the award of the Future Vertical Lift Long-Range Assault Aircraft (FLRAA) in 2Q22 is a potential catalyst. The \$80B program may be awarded in June/July. Another possible catalyst is a potential offering in eVTOL, as Textron's portfolio positions it as a strong contender as a market share leader in the eVTOL industry. Jefferies out positive earlier this month with a \$90 target.

Hawk Vision:



Hawk's Perspective: TXT is an attractive value with a major catalyst and strong fundamental trends for growth and margins, a quality own.

Confidence Ranking: \$\$