



Fiserv Calls Bought into Pullback

Ticker/Price: FISV (\$85.40)

Analysis:

Fiserv (FISV) shares pulling back to the 50-day MA and recent high-volume node and seeing 2,000 June \$85 calls bought to open up to \$3.70. FISV has seen buyers in the April and May \$90 calls recently while the December \$90 calls have 1,500 in OI from buys in mid-March. Shares are back at the 50-EMA and cloud support at \$85.35 today, key area where shares held on the recent pullback. FISV has been a very consistent name over the last two years and recent range breakout targets a move over \$95. The \$34B company trades 22.2X earnings, 5.85X sales, and 28.75X FCF with double-digit growth. The company expects 5-6% revenue growth but a lot of upside potential with their recent \$22B deal for First Data. The transformational move adds payment process and big exposure to merchants and POS with their growing Clover product. FISV expects \$900M in cost savings and \$500M in revenue synergies as they integrate through the next five-years and targeting \$4B in FCF. The deal helps them expand at a time when peers like Square and Q2 are growing in influence with smaller financial institutions. Shares have pared some of their recent gains this week after the DOJ requested additional information from the two. They see the deal still closing in the 2H. Analysts have an average target for shares of \$87.50 with 12 buy ratings, 7 hold ratings, and 1 sell rating. Short interest is 10.3% but jumping due to the deal. Stephens calling FISV a Best Idea on 4/3 with a \$110 PT. They think 40% accretion from the deal is very reachable and shares are mispriced given the significance of the move for the company. Buckingham started at Buy in February seeing a lot of cross-sell opportunities and considerable cost overlap in the NewCo. Institutional ownership fell 15.5%. Senator Investment sold their entire 1.8M share stake. Winslow Capital adding and now with 3.87M shares.

Hawk Vision:



Trading Strategy: FISV is a quality name and like the First Data acquisition, see if shares can stabilize at support here.

Confidence Ranking: \$\$