



## Intercontinental Exchange Attracts Upside Call Buying as US Listing Market Heats Up

**Ticker/Price:** ICE (\$81.30)

### Analysis:

**Intercontinental (ICE)** late day sweep buy 1,100 January 2021 \$90 calls for \$5.40 to \$5.50 on Thursday and ICE also has more than 3,000 each of the June \$77.5 and \$80 calls in open interest. ICE also recently with September \$82.50 call buys and the December \$85 calls active yesterday afternoon at \$3.30 for 750X. The \$45.55B exchange trades 19.45X Earnings, 15.9X EV/EBITDA and 24X FCF with a 1.35% dividend yield. Forecasts call for 4% topline growth this year and 5.6% in 2020 with EPS growth of 4.9% and 11% respectively. Shares are flagging on the daily just below recent highs and the highs from November 2018, a strong weekly trend with upside measured move to \$92 on a breakout. A near-term upside driver can be the Slack IPO set for June or July and overall a strong listings market this year a positive tailwind. ICE is realizing better pricing in their data/analytics business as well with new customer adds, new products, and expanded cross-sell among their existing customers driving growth. Data & Listings is 51% of revenues while Trading & Clearing 49%, the latter could benefit from a recent increase in volatility. ICE operating margins at 58% compare to 46% for its peer group of SPGI, MSCI, TRI, INFO, NDAQ, CME, and Deutsche Boerse. Analysts have an average target of \$89 on shares with short interest declining 25% Q/Q to 3.7% of the float. ICE will speak at the Bernstein and Deutsche Bank Conferences on 5-30 and 5-28. It announced a \$335M deal for Simplifile on 5-1 that is a move into the mortgage records business. BAML has an \$85 target recently commenting "Overall a good quarter with a positive expense update, and we continue to like the growth outlook, rising margins, active capital management, and valuation." Recent analyst coverage has been muted. Hedge Fund ownership fell 22.9% in Q1 filings, Jackson Square selling a large position and Eminence Capital trimming its position in half. Findlay Park added to its position as did Carmignac Gestion, the latter holding ICE as a 5.54% weighting and 2nd largest position.

### Hawk Vision:



**Trading Strategy:** ICE looks fantastic from all angles and is a great name to own when markets get volatile, while also having longer term upside from its growing Analytics & Data business.

**Confidence Ranking:** \$\$\$