



## Unusual Call Buys in Strong Fundamental Leader Booz Allen

**Ticker/Price:** BAH (\$65.50)

### Analysis:

**Booz Allen (BAH)** just under new highs and been posting great numbers, seeing unusual morning activity with shares weak down 0.55% but IV30 up 13.3% with 1,695 of the July \$65 calls being bought \$1.95 to \$2.15 to open. BAH has very little open interest, the September \$65 calls with 918 the next largest. BAH shares are in a strong trend in 2019 and flagging a bit on the weekly just under new highs. In early February the company crushed earnings once again while also raising its dividend and guidance, backlog jumping 22.7%. The \$9.2B consulting firm trades 19.4X Earnings, 31.75X FCF and 14.5X EV/EBITDA with a 1.4% yield. BAH forecasts 6-7% topline growth the next three years with 10-15% annual EPS growth. BAH offers a number of services such as Analytics, Engineering, and Digital Solutions. The Defense industry is 47% of its customer base, Civil is 26% and Intelligence is 23%. BAH is experiencing a positive mix shift leading to better growth and margins. Analysts have an average target of \$67 on shares and short interest low at 1.9% of the float. MSCO started coverage at Overweight in early June with a \$70 target citing superior growth with its leading market position, strong balance sheet, and high-end technology. Jefferies raised its target to \$69 on May noting the differentiated business model, long-term optionality, and ambitious long-term targets. Goldman started shares Buy in early May with a \$72 target with its positioning in key budget areas, in the sweet-spot of the defense budget upturn. Hedge Fund ownership fell 17% in Q1 filings, Black Creek and Time-Square two concentrated top holders.

### Hawk Vision:



**Trading Strategy:** BAH is a fantastic story that can be owned against its rising trend support.

**Confidence Ranking:** \$\$