



## Large Call Buy in FleetCor Expects Rebound after Sell-Off of Market Leaders

Ticker/Price: FLT (\$285)

### Analysis:

**FleetCor (FLT)** large trade yesterday opened 2,000 November \$290 calls for \$2.7M at \$13.15 per contract, the largest trade in the name in a while. FLT also has 700 October \$290 puts in open interest from a buy on 8/29 that is likely protective. FLT shares are putting in an ugly weekly candle after breaking to highs it took out a five week low, but back to the rising 89 day EMA that has been supportive this year and overall in a very strong uptrend in 2019. The \$24.75B provider of commercial payment solutions trades 21.1X Earnings, 22.5X FCF and 18.2X EV/EBITDA. FLT expects to finish FY19 with 9% topline and 11.6% bottom-line growth, and for FY20 sees 10%/15% respectively. FLT's four primary product categories for payments are Fuel, Tolls, Lodging, and Corporate. It operates in these areas that have recurring revenues, high EBITDA margins, and provide network/scale advantages. Fuel is by far the largest unit at 45% of revenues. FLT's path to further growth is more customers, more spending, and more geographies and expects to deploy \$1B/year in accretive M&A and/or buybacks. Analysts have an average target of \$315 and short interest at 3% of the float has risen 36% Q/Q to a one-year high. Citi was out positive earlier this week with a \$340 target. In July RW Baird started shares Neutral with a \$302 target and Morgan Stanley on 7/11 downgraded shares to Equal Weight on valuation. Barclays and BTIG both out last month positive with \$340 targets as well. Hedge Fund ownership fell 8% in Q2 filings, Tiger Global, Steadfast, Palestra, and Sustainable Growth Advisers notable concentrated holders.

### Hawk Vision:



**Hawk's Perspective:** FLT has long been long been a stellar company and continues to show no signs of slowing down but trading in a void right here and would prefer to wait for a proper bottoming base to form to allow better risk/reward for entry.

Confidence Ranking: \$\$