



## Aecom Calls Active on Activist Driven Event Catalysts

Ticker/Price: ACM (\$38.25)

### Analysis:

**Aecom (ACM)** near highs with 840 December \$40 calls bought \$1.40 offer in a sweep this morning and action continues to rise with over 1500 trading up to \$1.45. ACM also has over 3000 October \$37.5 calls bought in open interest and 2,000 September \$27.5/\$32.5 bull risk reversals. In June Starboard Value sent a letter disclosing its 4% stake and sees incredible value in Aecom's businesses of Design/Consulting, Management Services, and Construction Services. It sees Jacob's (JEC) as the template for a turnaround. Aecom has already made plans to spin-off the Management Services segment but Starboard sees an outright sale as optimal, and also thinks the Construction Services business should be sold. The \$6B Co. is trading 11.45X Earnings, 1.38X Book and 9.9X EV/EBITDA. Shares are nearing the highest level in many years and looking to clear this long trading range of \$30/\$40. Analysts have an average target of \$39 and short interest at 3.9% of the float. On 8-19 Barclays raised shares to Overweight with a \$38 target noting activism, event-driven moves, and low exposure to trade concerns. UBS has a \$42 target and sees improving cash flow trends, visibility in backlog growth, and structural improvement to margins.

### Hawk Vision:



**Hawk's Perspective:** ACM is clearly an event-driven situation and positioning now both in October and December, though shares right at multi-year highs. I see better opportunity if shares can pull back to \$36.25.

**Confidence Ranking:** \$\$