



Unusual Call Buyer in REPAY

Ticker/Price: RPAY (\$18.7)

Analysis:

REPAY (RPAY) unusual September \$20 call buy for 2500X at \$2.50 to open, and becomes the first significant size in open interest for the name that debuted last July. RPAY shares dipped back to \$11.50 support in March and have rallied strong the last week moving through YTD VPOC and out of its 2020 value zone today. RPAY is leading, highly-integrated omni-channel payment technology platform modernizing loan repayment verticals and B2B payments. It processes \$10.7B annual card payments, has 98% volume retention, 84% cash conversion, and a 47% historical profit CAGR. It generates organic growth with favorable secular trends from the move to digital payments, transaction growth in key verticals, and also sees potential in M&A to deepen its vertical/geographic presence. It estimates a \$2.3T TAM with 14,000+ merchants. Loan repayment and B2B markets have lagged other industry verticals in moving to electronic payments. RPAY's current verticals mainly consist of Receivables at 41% and Auto at 47%. It has a highly scalable business model with expanding margins and EBITDA with a 38% CAGR since 2017. Analysts have an average target of \$19 and short interest at 9% of the float has surged 107% Q/Q. DA Davidson started shares Buy with an \$18 target on 4/17 seeing strong growth the next few years and can weather the COVID-19 storm. SunTrust started shares Buy with a \$20 target earlier this year seeing its platform shortening lender cash cycles, reducing late payments and lowering service costs, a value-added service. Hedge Fund ownership rose 12.8% in Q4. RPAY will next report 5-11.

Hawk Vision:



Hawk's Perspective: RPAY is an intriguing new play in digital payments, an attractive growth story with major potential, though see some near-term concerns in key verticals, a name to target on weakness, possible after its next report shows more clarity.

Confidence Ranking: \$\$