



## FEATURED OPTIONS RADAR REPORT



### Black Knight Draws Bullish Put Sale

Ticker/Price: BKI (\$73.50)

#### Analysis:

**Black Knight (BKI)** name which rarely sees options trade with an opening sale of 1,150 October \$70 puts today for \$2.40, showing confidence in current levels with shares just 5% shy of new highs. BKI rebounded sharply in April and before pulling back just above the 38.2% Fibonacci this month. Longer-term, the run out of this bull wedge has room back to \$75.50 and longer-term extension to \$90. The \$11.29B company trades 9.5X sales and 11X EV/sales with estimates for mid-single digit growth. BKI is a leading provider of software and data analytics solutions for the mortgage and consumer loan markets and seeing multi-year tailwinds from lower rates. They're also expanding out their product suite into areas like foreclosure, settlement services, and more which is expanding their TAM and driving more cross-sell opportunities within their core business. BKI likely benefits again in Q2 from strong housing related commentary from peers and their automated solutions business should see an uptick from banks looking to move through some major capacity problems with respect to processing originations earlier in the year. Analysts have an average target for shares of \$73 with Wells Fargo a Street High \$85. Zelman adding BKI to the Best Ideas list in June while Stephens naming it a top idea in May as COVID-19 market disruptions "not only barely phase" Black Knight in the near-term but should leave the company in a materially improved market position over the longer-term. The firm notes higher foreclosure-related revenue, better D&A product uptake and higher implementation revenue position the company for a banner year in 2021. Short interest is 1.3%. Hedge fund ownership fell 2.25% in Q1. Durable Capital a buyer of 880k shares while Echo Street and Lunia also buyers of shares. Insiders have been investing heavily in the name with the CEO buying \$1.6M in stock since November and follows another \$1M buy in 2018.

#### Hawk Vision:



**Hawk's Perspective:** BKI is a high quality name that sees little attention and I see a strong quarter coming with potential this name sees \$100 by year-end.

**Confidence Ranking:** \$\$