



## FEATURED OPTIONS RADAR REPORT



### Size Call Buyer in Former M&A Target Aecom

Ticker/Price: ACM \$39.66

#### Analysis:

**Aecom (ACM)** with an aggressive buyer of 10,000 December \$45 calls for \$1.65 to open, name that doesn't carry a lot of notable open interest. Shares are starting to work out of a narrow range after basing above cloud support and its key short-term moving averages with a low-volume gap above out to \$44. ACM is working just above 5-year value and traded up as high as \$50 in early 2020. The \$6.23B company trades 15.4X earnings, 0.42X sales, and 16.95X FCF with mid-teens EPS growth. ACM provides engineering and planning services for building infrastructure assets across transportation, facilities, environmental, energy, and water markets. They reported a record contracted backlog in July giving them strong visibility into 2021 and beyond while they have optionality from further infrastructure spending and proposals as the FAST Act expires in September. Outside of the US they continue to gain share with growth in the UK and EMEA. ACM was reportedly in talks to be acquired by WSP Global in March but talks fell apart. However, in June, Citi noted that WSP had done \$500M in share offerings to support general corporate initiatives and fund potential acquisitions, which is an indication they could be back looking for deals sooner than thought. They continue to believe a deal makes sense given the strategic rationale and potential synergies of combining these two businesses. Short interest is 1.5% and down at 6-year lows. Hedge fund ownership rose 22% in Q2. Blue Harbour adding a new 1.1M share position. Hawk Ridge also adding a new position. Insiders active in the last year, as well, with the CFO buying \$250K in stock in May at \$30.00 and a director adding \$8.5M in November at \$42.50. Analysts have an average target for shares of \$46.

#### Hawk Vision:



**Hawk's Perspective:** ACM is an interesting name with two clear catalysts on the radar and think it can be traded against the recent lows for a nice risk/reward

**Confidence Ranking:** \$\$