



## FEATURED OPTIONS RADAR REPORT



### GreenDot Upside Call Spreads Bought into Momentum

Ticker/Price: GDOT (\$54.15)

#### Analysis:

**Green Dot (GDOT)** smaller action today with 1,000 September \$55/\$65 call spreads today for \$2.25 but name which has seen consistent accumulation in bullish positions since mid-June including over 1,600 September \$60 calls, 1650 December \$35 short puts, and 1,100 December \$40 short puts. GDOT has run a lot since we last wrote up the name in March and now consolidating in a narrow flag under \$56 looking to take another leg higher towards \$70. GDOT broke a long downtrend in June and traded up as high as \$90 in 2018. The \$2.8B company trades 23.66X earnings, 2.39X sales, and 24.85X FCF with over \$36/share in cash on hand. GDOT has raised estimates this year and now sees mid-20% EPS growth in both FY21 and FY22 with revenues up mid-to-high single digits. GDOT is coming off of a strong quarter, the best in terms of revenue and profitability in years with ADV jumping due to stimulus funds deposited through their programs. GDOT expects medium and long-term success from a new direct-to-consumer digital offering aimed at helping low-to-moderate income consumers. Longer-term, they see growth in their BaaS partnerships transforming the company as they can create a higher recurring revenue base using a more traditional subscription model for fees. Analysts have an average target for shares of \$51. JP Morgan raising estimates this morning as digital winners should continue to thrive during the pandemic with uncertainty around stimulus and the election remaining at the forefront of investor minds. BTIG a \$56 PT as they see new CEO Henry executing well on his turnaround plan with a focus on making operations simpler and creating value by improving business practices. Short interest is 4.8% and down from 11.7% in February. Hedge fund ownership fell marginally in Q2, Contour Asset Management, Brahman Capital, and Point72 all buyers. Insiders active in May as well with two directors buying stock, one Jeffery Osher acquiring 75,000 shares between \$34.64 and \$36.76.

#### Hawk Vision:



**Hawk's Perspective:** GDOT an interesting strong chart and story that is relatively unnoticed and I wonder if FLT could look at them as an acquisition target.

**Confidence Ranking:** \$\$