



FEATURED OPTIONS RADAR REPORT



Fleetcor Bull Adjusts Position, Strong 2H Potential

Ticker/Price: FLT (\$230.50)

Analysis:

Fleetcor (FLT) on 8/12 with 2300 November \$260 calls opening in the \$8 to \$9 range as August calls adjusted positions and becomes the first notable positioning outside of the August expiration. FLT has been a weak name not seeing much of a recovery after the March sell-off and pulled back the past week to near a 50% retracement of the March to June range. FLT also sits back above a key volume node on the weekly that aligns with the October 2018 high, and \$225 appears to be a natural place for shares to base in a longer-term rising trend. The \$21.5B business payments company focuses on five primary categories of fuel, lodging, tolls, corporate payments, and gift. FLT should face easier comps moving forward as they lap the Chevron divestiture and FLT has transitioned away from the fuel card business and B2B payments with Fintech now accounting for 55% of revenues. FLT also has a strong balance sheet and is likely to do a deal in the next six months. FLT currently trades 18.1X Earnings, 14.7X EBITDA, and 19.8X FCF making valuation quite attractive in a name that has seen consistent growth with 2021 seen at 13% topline growth and 18% EPS/EBITDA growth. FLT had a 16.66% ROIC in 2019 and operates with 59.55% EBITDA margins. It has a strong business with recurring revenues, network advantage, and scale. FLT spoke last week on current trends and noted all businesses have bottomed out and are recovering more quickly in July. FLT has ambitions to be a 15-20% profit growth company and plans on repositioning its portfolio further to faster growing businesses and adjacencies, penetrating businesses further, and invest more in IT transformation. Analysts have an average target of \$285 and short interest is 3.8% of the float. Barclays upped its target to \$315 on 7/28 citing a strong 2H. SIG started shares Positive with a \$310 target on 7/15 seeing shares overly discounted not reflecting its wide competitive moats, less sensitivity to fuel prices, and revenue diversification and M&A optionality. Goldman started FLT at Buy on 7/14 with a \$301 target as a beneficiary of strong secular growth trends and TAM expansion. Hedge Fund ownership fell 8.6% in Q1 filings, a top holding for Sustainable Growth Advisors and Melvin Capital.

Hawk Vision:



Hawk's Perspective: FLT looks like a compelling value here for a great business and see if can trigger a bullish candle pattern soon to trade versus recent lows.

Confidence Ranking: \$\$