



FEATURED OPTIONS RADAR REPORT



Global Payments Bull Targets Breakout

Ticker/Price: GPN \$172

Analysis:

Global Payments (GPN) with 1,000 December \$195 calls bought on 9/3 for \$7 and follows sellers of 8500 September \$160 puts recently and bullish spreads that sold the December \$150 puts to buy the \$180/\$200 call spread 3000X. GPN also has size in the November \$185/\$155 bull risk reversal from mid-August. Shares traded back to the high-end of a multi-month range earlier this week at \$185 and yesterday's pullback testing the rising 8-EMA. A move higher targets \$220 and above the February highs. The \$52.25B company trades 22.2X earnings, 7.8X sales, and 33X FCF with mid-teens growth. GPN is a leader in software solutions for card, e-payments and check processing with a big focus on merchant solutions. GPN has a strong cash balance and continuing to forecast around \$400M in additional synergies from the TSYS deal over the next year. They noted last quarter a big pull-forward in digital solutions from merchants while a rebound in consumer spending has been a tailwind. They continue to see opportunity to partner with global banks outside of the US for issuer processing solutions and a recent deal with AWS likely catalyzes that potential. GPN also said in August they're continuing to aggressively look at ways to enhance their scale and capabilities across payments tech and software, so may see a deal in the Fall. Analysts have an average target for shares of \$200 with Truist at a Street High \$235. Bernstein starting at Outperform on 8/19 and JPM positive on 8/17 noting that while the firm still likes the "digital winners" given the macro uncertainty surrounding the pandemic, stimulus, and U.S. elections, they prefer proven scale players into the 2H like GPN. Short interest is 1.2% and near multi-year lows. Hedge fund ownership rose 7% in Q2, Egerton Capital, Samlyn, and DE Shaw buyers. In March, insiders were active buying stock around \$165.

Hawk Vision:



Hawk's Perspective: GPN has been a laggard simply by its lack of movement while other more exciting fintech names have done great but I like the story w/ growth in partnerships, scale, and merger synergies while the chart gives a clear level to shoot against for a strong risk/reward

Confidence Ranking: \$\$