



FEATURED OPTIONS RADAR REPORT



Size Call Buyers in Fidelity Info as Shares Tap 200 Day Moving Average

Ticker/Price: FIS (\$141)

Analysis:

Fidelity National (FIS) buyers of 1,500 January \$145 calls from \$6.20 to \$6.50 this morning and now volume up over 2,600 with buyers at \$6.80. FIS has minimal open interest but did have a buyer in the January \$150 calls on 8/25 and over 1,650 remain. Shares are pulling back to the 200-MA and trend support around \$140. A move back above the 20-day can spark a run to \$160 and then measured move out to new highs. The \$86.6B company trades 20.9X earnings, 7.1X sales, and 22.3X cash with a 1% yield and high-teens growth. FIS raised their synergy estimates last quarter from the massive WorldPay deal and likely sees upside again next week when they report as cross-sell opportunities continue to emerge. FIS has done a strong job of cutting costs and reducing their overall footprint while investing in automation and moving more operations to the cloud which is helping expand margins. FIS has seen tailwinds in 2020 from the pandemic as consumer behaviors are moving away from cash and into more digital payments and banking which is giving momentum to FIS's next-gen tech and also driving adoption of their services by all sized businesses. They reported 40% revenue growth in Q2 and expansion into Latin America (announced this morning) should continue to position them for further growth in 2021 and beyond. FIS laid out a decade-long plan for growth after the merger and sees WorldPay as a big driver as they launch new platforms like NAP, Access Worldpay, build out e-commerce capabilities, and fraud solutions. Analysts have an average target for shares of \$161.25 with a Street High \$174 at Stephens. JP Morgan positive this morning citing checks that suggest U.S. quarter-to-date volume trends are coming in better than expected. Hedge fund ownership fell 3% in Q2. Viking Global a top 5 holder with 6.7M shares. Short interest is 1.2%.

Hawk Vision:



Hawk's Perspective: FIS is a quality payments play and pulled back to the 200 MA for an ideal reward/risk entry spot.

Confidence Ranking: \$\$