



## FEATURED OPTIONS RADAR REPORT



### Global Payments Bulls Position for Upside in 2021

Ticker/Price: GPN (\$191.80)

#### Analysis:

**Global Payments (GPN)** with a large trade on 12/14 selling more than 3000 February \$165 puts to buy the \$210/\$230 call spreads which follows the February \$200 calls bought 2350X for \$2.5M on 12/4. GPN has similar spreads in open interest from 11/12 when the \$155 puts sold 3000X to buy the \$190/\$220 call spreads and has size December \$180 calls in open interest from August and September trades that look to adjust this week. GPN shares have consolidated since November and falling below a key value zone this week but above \$197 can start to work back to February highs and start looking at Fibonacci extension targets up to \$233.50 and \$249. The \$58B payment processor trades 23.85X Earnings, 7.8X Sales and 51X FCF with a small 0.4% dividend yield. Forecasts see GPN posting 12% revenue and 25% EPS growth in 2021. GPN has large scale and is able to offer vital POS offerings or the more software tech-enabled offerings to facilitate payments. GPN also has big business in Europe and Asia and has partnered with AWS to leverage their distribution capabilities. Analysts have an average target near \$210 with short interest down 30% Q/Q to just 1.9% of the float. Compass Point out positive in September with a \$220 target noting GPN's software-oriented distribution strategy with best-in-class execution and the TSYS merger driving upside in merchant solutions through 2022. Stephens out with a note on 10/5 after Reuters reported GPN may sell its prepaid card business for \$2B and thinks GPN can lever up and buy more assets. On 12/4 SIG raised its target to \$225 on proprietary data showing it continues to take market share. KBW out last week at Outperform with a \$235 target. Hedge Fund ownership rose 10% in Q3 filings, Lone Pine a top holder added to its position as did Coatue, Matric, Egerton, and Steadfast.

#### Hawk Vision:



**Hawk's Perspective:** GPN is a top operator and options action as well as institutions showing this likely heads to \$220, though like to see a reversal candle soon and signs of support.

**Confidence Ranking:** \$\$