



FEATURED OPTIONS RADAR REPORT



Size Call Buyer Targets Equifax After M&A Deal

Ticker/Price: EFX (\$260)

Analysis:

Equifax (EFX) size buyer of 2000 November \$260 calls for \$13.40 to \$14 on 8/12, a more than \$3M position in the strong name just below recent highs. EFX has little other notable open interest but did have 500 October \$190 calls bought in February that remain deep ITM in open interest. Shares are consolidating in a small bull flag above the 21-EMA and under recent highs with a breakout targeting \$280. EFX has shown relative strength since its earnings report in April. The \$31.86B company trades 29X earnings, 6.87X sales, and 56.75X FCF with a small yield. EFX is coming off of a strong quarter with 23% revenue growth, the best in company history, driven by strength in their B2B business and USIS despite headwinds from the mortgage market. EFX expects 2021 and 2022 to be pivotal years as the transition and investment in tech starts to bear fruit. EFX reached a deal for Kount, a provider of AI-driven fraud protection services and digital identity solutions, early in 2021 and they just announced a \$1.825B deal for Appriss Insights, a “pioneer in data and analytics solutions that mitigate risks, improve health, and save lives.” The deal greatly expands EFX’s capabilities within public and workplace safety, government solutions, and more. It also adds highly differentiated data to their mix and gives them a strong channel position within government verticals. Analysts have an average target for shares of \$220 with a Street High \$288. Truist positive on 7/23 citing their strong execution around earnings and notes that Equifax has accelerated non-mortgage organic revenue growth while outpacing mortgage volume which speaks to the benefits of its cloud transformation, management focus, and increasingly differentiated data. RBC with a \$270 PT citing strength of its Verification Services businesses. Hedge fund ownership rose marginally last quarter. Ako Capital a buyer of 904K shares, a more than \$325M position. Short interest is 2%.

Hawk Vision:



Hawk’s Perspective: EFX remains a top name in a strong trend and likely continues to be a compounder as they invest heavily in building out their best-in-class tech platform

Confidence Ranking: \$\$