



FEATURED OPTIONS RADAR REPORT



Equifax Spreads Position for Strong Transformation Year

Ticker/Price: EFX (\$165)

Analysis:

Equifax (EFX) seeing 1,000 October \$190 calls bought \$8 to \$8.10, while 1,000 of the \$150 puts sell to open for \$9 to \$9.20. EFX has seen very few other notable trades. Shares are trading back to the 200-day MA and VPOC of the range from last Summer and Fall. VWAP from the March lows is just below around \$158. The \$20.89B company trades 21.5X earnings, 5.3X sales, and 13.6X cash with a small yield. EFX is guiding to accelerating topline growth through FY23 and 20-30% EPS growth as they transition into more high-margin cloud products. EFX expects 2021 and 2022 to be pivotal years as the transition and investment in tech starts to bear fruit. EFX recently reached a deal for Kount, a provider of AI-driven fraud protection services and digital identity solutions. The company held a call on 1/11 after the deal and noted that the combination of Kount's tools and EFX's scale will give them a huge advantage to grow into the \$20B DI&F market. Analysts have an average target for shares of \$178 with a Street High \$240 from Stifel. The firm upgraded shares in December noting that EFX is out of the 'valuation penalty box' following the 2017 breach and they think EFX will have a state of the art technology platform which sets them up for product expansion, solid revenue growth and margin expansion on a regular basis. Short interest is 1.6% and near two year lows. Hedge fund ownership fell 4% in Q4, Echo Street Capital raising their stake to 1M shares.

Hawk Vision:



Hawk's Perspective: EFX has become a very interesting name with their investments and pivot into more cloud-based products and really like this deal they made in January. The market is clearly in a cautious mode right now but one to target around that short-put strike if it can set up better

Confidence Ranking: \$\$