



FEATURED OPTIONS RADAR REPORT



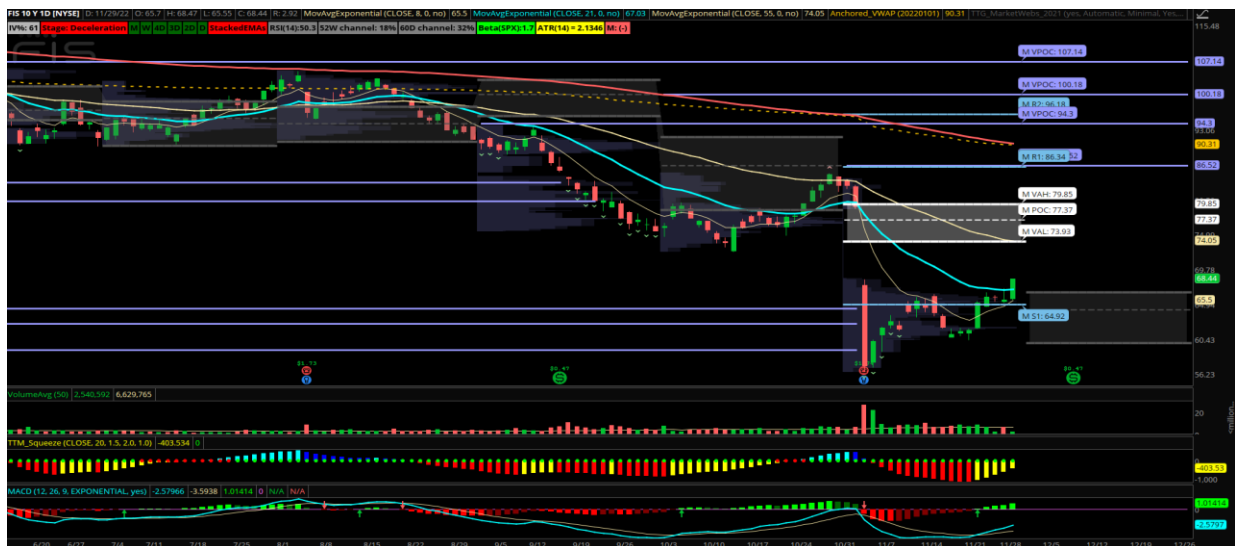
Merchant Solutions Tech Name Sees Call Buyers into Recent Dip

Ticker/Price: FIS (\$68.45)

Analysis:

Fidelity National Info (FIS) on 11/28 saw a large buy of 2500 April \$70 calls for \$4.30 and over \$1.1M in total. This follows several bullish trades the past week as the stock forms a base from its recent selloff. On 11/25 about 600 April \$65 bull synthetics opened for a debit of \$0.75 and 6000 December \$70 calls bought on 11/22 for \$0.53. January \$65 calls also have been bought over 1300x at \$1.55 and still in open interest. Shares have been basing after the large gap down on earnings to start November and now back over the 8 EMA as it nears a move into the gap above 68. The stock has room to 73 which is the bottom of monthly value and likely first resistance. A move into the gap could fill it at the 79 level if strength continued. The selloff recently found large support at a previous year big VPOC near 60 so that is solid support below current levels. The \$40B company trades at 9.7x earnings, 3.7x sales, with FCF yield at 9.7% while revenue is expected to grow +4% FY22 and +4% growth estimated in FY23. FIS is a provider of technology solutions for merchants, banks, and capital markets firms globally. The Company's segments include Merchant Solutions (Merchant), Banking Solutions (Banking) and Capital Market Solutions (Capital Markets). Average analyst target is \$87. Bernstein out this week saying that FIS is a good candidate for potential activist involvement and has a \$70 target. Despite valuation at 9.7-times 2023 price to earnings, many investors are reluctant to get involved in the stock given the post-pandemic history of negative revisions and guide-downs. They see value creation opportunity through divestiture of underwhelming merchant business, better company operation, better guidance management, and improved earnings quality. FIS announced it is cutting thousands of jobs to target costs and win back investor confidence. Mizuho lowered its target to \$90 but keeps a Buy rating saying management's focus on cost-cutting can help improve sentiment. Goldman has a Buy rating and \$82 target while Barclays has an Overweight and \$90 target. Short interest is at 1.1%. Hedge fund ownership rose 1% last quarter. Baupost Group (Seth Klarman) increased their stake to 620K shares while Soros also increased his position slightly.

Hawk Vision:



Hawk's Perspective: FIS is working higher and nice risk/reward into the gap here so can set stops under 65 and try to target 73.

Confidence Ranking: \$\$