



Fidelity Info Systems Seen as Payments Winner, Size Calls Bought

Ticker/Price: FIS (\$142.50)

Analysis:

Fidelity (FIS) size buyers today of more than 2,800 April \$145 calls up to \$5.20 to open and popular expiration that already has 2,950 of the \$140 calls and 8,150 of the \$130 calls in OI. Shares are moving today out of a nice multi-week range and weekly bull flag that targets \$165 and MACD and RSI both with plenty of room for expansion. FIS has been a standout since 2011. The \$86.72B company trades 22X earnings, 9.5X sales, and 18X cash with a 1% yield and mid-teens EPS growth. FIS sees high-single digit revenue growth but likely a beat-and-raise name all year as they integrate Worldpay and expand their global footprint. The NewCo is positioned as a leader in enterprise banking, payments, and a leading provider of e-commerce solutions at all ends of the B2B spectrum. They've got a lot of secular tailwinds going into 2020 and beyond as more banks reinvest on expanded upgrades to infrastructure as digital banking adoption grows. Analysts have an average target for shares of \$150. Baird positive on 12-19 as a Top Pick in 2020 noting that valuation seems reasonable and the company has a lot of levers for upside. MSCO starting at Neutral, \$146 PT as they think FIS is a good business with interesting merchant acquiring assets but synergies are largely being reflected in current numbers. Short interest is 1.4%. Hedge fund ownership jumped 48% in Q3 with Melvin Capital, Third Point, Bluespruce, Glenview, and Senator Investment all top buyers.

Hawk Vision:



Hawk's Perspective: FIS remains a favored name in the space, extended near-term, but a name to always be targeting on dips.

Confidence Ranking: \$\$