



## FEATURED OPTIONS RADAR REPORT



### Unusual Surge in Call Buying in Small Cap Fluent

Ticker/Price: FLNT (\$7.75)

#### Analysis:

**Fluent (FLNT)** a small cap that caught our eye early on 2/18 with March \$10 calls actively bought \$0.60 to \$0.75 for 8000 contracts in the opening minutes and ended the day trading more than 25,000 and overall call volume hit 47,000 at 57X daily average with IV30 jumping 28%. FLNT shares tested the rising 21-day moving average early and put in a strong engulfing candle to multi-week highs. The longer-term trend shows a stock coming out of a five-year downtrend and out of a large value zone with room to run, measuring to a \$13 target. Fluent is an industry leader in data-driven digital marketing services that primarily performs customer acquisition services by operating highly scalable digital marketing campaigns that connect advertiser clients with consumers they are seeking to reach. Its websites receive over 900,000 first-party user registrations daily, which include users' names, contact information and opt-in permission to present them with offers. According to eMarketer, aggregate spending on digital media is estimated to have overtaken aggregate spending on offline media in the U.S. for the first time in 2019. Industry spending on digital media is projected by eMarketer to have exceeded \$129 billion in 2019, representing approximately 54% of total media spend in the U.S., and to grow at a compound annual rate of 13.2% through 2022. Of this total media spend, the predominant component is expected to represent media spend on mobile platforms, which is also anticipated to represent the fastest growing segment of U.S. media spend from 2019 through 2022, according to eMarketer. FLNT sees its competitive advantages in its large & proprietary database, analytics, ad servicing and direct marketing technologies. It sees the platform as highly scalable for expansion into new markets and client verticals with high incremental margins. FLNT currently has a market cap of \$500M and is trading 45X Earnings, 1.65X Sales and 42X FCF with a solid balance sheet. FLNT has steadily grown revenues 12-18% annually the last few years and for 2021 sees 9.5% revenue growth and 87.5% EPS growth. FLNT will report in mid-March and on 1/14 guided Q4 revenues just below the Street consensus. Canaccord started shares at Buy in August noting the cheap valuation and a name to benefit from growth in digital marketing. Barrington upgraded in November on its conservative financial position, improving profit metrics and potential to expand overseas.

#### Hawk Vision:



**Hawk's Perspective:** FLNT certainly looks like an attractive small cap value with steady growth and this activity very unusual, perhaps it is a M&A target.

**Confidence Ranking:** \$\$