



## Global Payments Bullish Positions Build into Earnings

Ticker/Price: GPN (\$198)

### Analysis:

**Global Payment (GPN)** buyer of 1000 February \$195 calls \$7.30 sells 1,390 of the \$210 calls \$1.20. GPN had a \$1M buy of 300 December \$195 calls earlier this week and has notable call open interest already in February \$170, \$180, and \$195 strikes. GPN shares broke out of a consolidation range in November and continue to gain strength to new highs, a potential target is \$207 as the 138.2% extension. The \$59B payments company trades 25.9X Earnings and 38.7X FCF. A Director bought stock back in November. GPN recently closed their merger with TSYS that makes them a leading pure play payments technology company with integrated payments, owned software, and omnichannel solutions. The NewCo has huge scale and breadth with their software solutions used by over 1300 financial institutions worldwide. The company is coming off a strong quarter and raising their outlook for synergies by \$25M annually. The next couple years now turn focus to deleveraging. Forecasts are calling for 62% revenue growth in FY20 with 22% EPS growth. Analysts have an average target at \$200. In September Goldman started shares at Buy with a \$212 target seeing above-industry growth and substantial margin expansion for the combined company. Wedbush raised its target to \$218 earlier this week expecting strong core results. Ray-Jay upgraded to Outperform with a \$210 target on 1/6, and sees EPS as high as \$10 in 2021 and expects upside to estimates. Hedge Fund ownership soared 137.5% in Q3 filings, Lone Pine Capital and Suvretta Capital notable new positions while Coatue Mgmt. and Point-72 added to positions. GPN will report on 2-12.

### Hawk Vision:



**Hawk's Perspective:** GPN is one of many amazing payment stories and continues to operate as one of the best along with FIS and others, though extended near-term, any weakness over the next month into earnings is a buy opportunity.

**Confidence Ranking:** \$\$