



FEATURED OPTIONS RADAR REPORT



Bullish Bets on Advertising Rebound in Interpublic Group

Ticker/Price: IPG (\$30.40)

Analysis:

Interpublic Group (IPG) early on 4/15 with 5000 May \$30 calls bought to open \$1.35 to \$1.40, calls trading 45X daily average on the day and positioned for 4-28 earnings, and came after **Publicis** announced a return to organic growth in its report overnight in Europe. IPG does not have any other significant open interest. IPG shares are working out of a nice weekly bull flag that measures to a target of \$34 which lines up with a 1.618 Fibonacci extension. IPG is one of the world's premier global advertising and marketing services companies. Its companies specialize in consumer advertising, digital marketing, communications planning and media buying, public relations, specialized communications disciplines and data management. Its agencies create customized marketing solutions for clients that range in scale from large global marketers to regional and local clients. IPG has a market cap of \$11.7B and trades just 14X Earnings, 9X EBITDA, 1.3X Sales and 9.15X FCF with a 3.6% dividend yield. IPS forecasts see revenues growing 6.4% in 2021 with EBITDA up 10.8%. IPG has a newer CEO and in 2021 should see a nice rebound from Travel and QSR clients. IPG has also been realizing strong cost savings and margins are expected to expand. Analysts have an average target of \$28 with short interest low at 3.5% of the float. BMO positive in February noting IPG's higher exposure to Healthcare and Tech verticals will allow it to continue to outperform peers. Barclays started coverage in December at Overweight with a \$33 target calling it a deep value with 7-11% earnings growth potential. IPG's Mediahub won the NBA contract in Q4. Black Creek continues to add to IPG as its largest position at \$420M.

Hawk Vision:



Hawk's Perspective: IPG could use a pullback to \$29.25 before earnings, and there these calls would look attractive as the business should recover nicely in 2021 and it remains cheap.

Confidence Ranking: \$\$