



FEATURED OPTIONS RADAR REPORT



Large Bull Trade Targets Leading Research Firm with Re-Opening Optionality

Ticker/Price: IT (\$285.50)

Analysis:

Gartner (IT) with buyers of the June \$300 calls today up to \$23.80 to open, 2000X and starting earlier around \$21.20, earnings on 2-8 and higher each of the last eight straight. IT shares on a big run in 2021 and back at the rising 200-MA this week with a bullish reversal on Monday and room above back to \$305 near-term. A breakout above the prior highs has a measured move out to \$400. The \$23B company trades 39X earnings, 5X sales, and 18.2X FCF with mid-teens growth and strong visibility with near 80% recurring revenue. IT has grown into a leader in objective, actionable research for executive teams with \$4B in revenues last year and expanding through M&A recently. Their tech offerings should continue to benefit from higher IT spending with CIO surveys pointing to a continued recovery in 2022. The company sees opportunity over the next five years to expand into areas like Legal Research, HR, and Marketing and their total TAM near \$200B is vastly underpenetrated. IT has been hit hard the pandemic essentially shutting down their conference business and could be a beneficiary of a 2022 re-acceleration in business travel. Analysts have an average target for shares of \$320 with a Street High \$375 from Baird. The firm raised their outlook in November as they were encouraged by more recent headcount trends and outlook, which should help drive sustained strong organic growth and long-term likes the combination of open-ended strong organic growth, excellent financials, and execution history. BMO has a \$339 PT positive on contract value growth into 2022 as well as retention rates but doesn't see much upside until we get more clarity around conferences and Gartner's ability to ramp that business back up. Short interest is 1.45%. Hedge fund ownership fell marginally in Q3. Alkeon a big buyer of 1.22M shares.

Hawk Vision:



Hawk's Perspective: IT has a solid core business with a strong moat and a return to more in-person conferences as the pandemic fades is a nice catalyst into the 2H

Confidence Ranking: \$\$