



FEATURED OPTIONS RADAR REPORT



Gartner Bulls See More Upside After Earnings Surge

Ticker/Price: IT (\$230.90)

Analysis:

Gartner (IT) traded 7000 calls on 5/5 which is a record and 240X daily average, two large purchases with 3000 June \$230 calls up to \$5.50 and 3000 September \$230 calls up to \$12.50. The action comes after a massive run in shares to new highs and hitting the 1.618 Fibonacci extension of the COVID-correction. Shares could likely use some near-term weakness for better entry but these are large positions expecting more upside in shares. IT is a leader in research and insights for a variety of industries with a vast library of proprietary data and expert networks giving it a wide moat as data becomes more integral to day-to-day operations in nearly every sector. IT estimates they have a massive TAM and largely underserved across tech, finance, sales, and other areas as they target new enterprises and verticals. IT has been built largely through deals and its been nearly three years since their last large acquisition (CEB in 2017), so potential for them to go back on offense into 2021 to bolster areas like consulting and research while conferences inevitably rebounds in mid-2021. IT now has a market cap just under \$20B and trades 43X Earnings, 4.85X Sales and 24.2X FCF with revenues seen rising 8.8% in 2021 and 13% in 2022. Gartner is positioned to benefit from the exponential growth in information and rapid technology refresh cycles with its proprietary IT research and insights. The recent quarter showed meaningfully improved EBITDA margins and outlook due to structural cost savings. Analysts have an average target of \$220 and short interest is minimal at 1% of the float. Wells Fargo out positive in February noting 2021 will face easy compass and new growth initiatives will take hold. BAML recently added to the US1 List and reiterated a Top Pick and raised its target to \$268 citing the 20% discount to Information Services peers and positioned for expanding margins, revenue acceleration and meaningful buybacks. Hedge Fund ownership jumped 8% last quarter, Polen Capital has a \$1B position while BAMCO, Generation Investment, Atlanta Capital, Bares Capital and Melvin all concentrated positions as well.

Hawk Vision:



Hawk's Perspective: IT has run hard after earnings and remains undervalued but worth looking for a strategic entry allowing it to pull back and base.

Confidence Ranking: \$\$