



FEATURED OPTIONS RADAR REPORT



Bulls Position for Upside in Financial Services Company Exploring Value Unlocking Actions

Ticker/Price: NCR (\$40.70)

NCR Corp (NCR) seeing notable accumulation of bullish options positions with the 4650 March \$39 calls near-term in open interest from a large buy on 1/27, the 3500 December \$45 calls bought on 8/2/21 for \$3.1M, and more recently the July \$45 and \$47 calls each bought 5000X for combined \$3M while July \$40/\$35 bull put spreads also opened 5000X. NCR has a fairly healthy weekly chart with RSI at 50 and MACD nearing a bullish crossover as shares have stayed in a narrow falling wedge pattern since early 2021 highs and keep closing just under trend resistance and VWAP off those highs near \$42.50. NCR is a software and services company whose portfolio includes digital first offerings for banking, retailers and restaurants, as well as payments processing, multi-vendor connected device services, automated teller machines (ATMs), point of sale (POS) terminals and self-service technologies. NCR on its latest earnings call earlier this month approved commencing a comprehensive strategic review process evaluate a full range of strategic alternatives available to NCR to enhance value for all shareholders which may include a spin-off, merger or sale of the company, asset sales or other changes. NCR has a market cap of \$5.5B and is trading 10.2X Earnings, 9.6X FCF and 7.4X EBITDA with 17% EBITDA margins though a very debt-ridden balance sheet. The company has been a transformation story over the last year as they grow their exposure to the Retail and Hospitality refresh cycle where digital and self-check out demand is growing and should continue into 2022. NCR closed their \$2.5B deal for Cardtronics in June and plans to use the deal to accelerate its as-a-service strategy and non-hardware revenue. NCR sees CATM's Allpoint ATM network as complementary to their payments platform which will also benefit from the bigger network and installed base. NCR consensus forecasts expects 13% revenue growth and 16% EBITDA growth in 2022. Analysts have an average target of \$52 with short interest at 6% of the float. MSCO rates shares Overweight with a \$61 target though has a \$104 bull case valuation using a sum of the parts model and notes that although NCR's revenue base has shifted to nearly 75% software and services and nearly 60% recurring revenue, the market has still valued NCR as a challenged hardware company.

Hawk Vision:



Hawk's Perspective: NCR looks to be a good event-driven play with shares trading under the short put strike this week. The July \$45/\$50 call spreads for \$1.25 offer a nice reward/risk.

Confidence Ranking: \$\$