



## FEATURED OPTIONS RADAR REPORT



### NCR Bulls Position for Breakout as Business Transforms, Reopening Play

Ticker/Price: NCR (\$47.40)

#### Analysis:

**NCR Corp (NCR)** an interesting name seeing an accumulation of bullish action with 3000 January \$60 calls bought on 6/8 and 1000 January 2023 \$70 calls. NCR has some short June calls in open interest set to expire next week but also has seen 3000 January \$45 puts sold to open, 5000 July \$47 calls bought to open, and 7600 December \$45 calls bought to open. NCR broke out of a weekly bull flag in April and peaked just under \$50 recently, consolidating above the rising 8-week moving average and below those 2017 highs. NCR has become a leading software- and services-led enterprise provider in the financial, retail, hospitality and telecommunications and technology industries. Its 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. The business has evolved from providing hardware and services, to providing software and services within solutions. NCR spoke at the MSCO Conference on 5-20 highlighting strong trends being seen in retail, hospitality and SMB as spending picks up. NCR is well positioned for the self-checkout and pay at table themes and seeing strong demand. NCR also announced a key deal earlier this year acquiring Cardtronics (CATM) for \$2.5B. NCR is an improving mix story as the SCO segment is now 40% of revenues and growing fast while traditional point-of-sale business is weaker. NCR's Emerald solution for SCO lanes in stores is in the infancy and promising. NCR is also winning deals in the digital banking software industry. NCR currently has a market cap of \$6.2B and trades 14X Earnings, 8X EBITDA and 9.45X FCF. Forecasts see revenues growing 8.5% in 2021 and 6.5% in 2022 with EBITDA rising 26.7% and 12.7% respectively. Analysts have an average target of \$51 with short interest at 6.8% of the float. MSCO raised its target to \$62 on 5/10 as an underappreciated recovery play headed for a robust Retail & Hospitality fresh cycle. Wells Fargo raised its target to \$55 noting some investor concern with the CATM acquisition but it sees strategic and financial merit to the deal.

#### Hawk Vision:



**Hawk's Perspective:** NCR does look underappreciated, cheap valuation with a good portion of its business now in higher growth/margin software/services and plenty of tailwinds from the recovery.

**Confidence Ranking:** \$\$