



Risk Reversals See Attractive Upside/Downside in WorldPay

Ticker/Price: WP (\$82.45)

Analysis:

WorldPay (WP) flagging and 2,740 May \$87.5/\$80 bull risk reversals open for a \$0.25 credit. WP previously saw these up 2,740X on 1/17 and look to be adding to open interest. Shares have been trending lower since the October high at \$103.50 but cleared the 50 MA and downtrend recently and flagged last week, a move above \$85 targets a move to \$100. The \$25.6B payments company with strong exposure to eCommerce which had a record Holiday season trades 18X Earnings, 6.5X Sales and 100X FCF. We recently saw a sizable M&A deal in the space as First Data (FDC) was acquired by Fiserv (FISV). WP is forecasted for 9-10% top-line growth each of the next two years and 15-20% EPS growth. WP is a leader in cross-border eCommerce and the trade today comes ahead of V/MA earnings that will give insight into cross border volumes. It sees a \$3 Trillion global eCommerce payments market. Analysts have an average target of \$104 on shares and 3.4% of the float is short. RW Baird names shares a Fresh Pick this morning ahead of earnings, raising the target to \$110. Moffett-Nathanson raised shares to Buy on 1-7. Hedge Fund ownership fell 12.85% in Q3 filings, though Sigma, Glenview, and Melvin all showed new positions.

Hawk Vision:



Trading Strategy: WP looks great with this flag but do want to first confirm the OI change tomorrow to ensure this is not a closing trade.

Confidence Ranking: \$\$\$