



Western Union Bullish Activity on Intriguing Turnaround Story

Ticker/Price: WU (\$27.95)

Analysis:

Western Union (WU) with 3800 March \$28 calls being bought \$1.01 to \$1.10, a name with more than 7500 combined calls bought in the May \$28, \$29, and \$30 strikes from activity in November/December 2019. WU does have some size puts bought in February OI and will report 2-11. It was a technical chart highlight this morning with shares working out of a large weekly bull flag after a strong trend move in 2019 for the name thought of as old-technology. WU shares have closed higher the last two reports after being lower the previous 5. WU announced a new strategy last August and in October expanded into Asia. The \$12B money movement and payment services Co. trades 14.2X Earnings, 2.23X Sales and 10.6X EBITDA. Forecasts see EBITDA rising 5.4% in 2020, best since 2011 and EPS by 11%. WU was late to the digital push but has been increasing its presence for WesternUnion.com and has a built-in distribution advantage with 550,000+ retail agent locations around the world. WU also has advantages with its brand name and trust across 200 countries. It pledged at the Investor Day to return capital and targets 23% operating margins by 2022. Analysts have an average target of \$25 on shares and short interest is high at 15.6% of the float and rising 16% Q/Q. CSFB recently started coverage Underperform with a \$26 target while BTIG raised its target to \$31 on 12/18 positive on revenue and earnings prospects with new initiatives as well as operating margin expansion. Hedge Fund ownership rose more than 8% in Q3 filings.

Hawk Vision:



Hawk's Perspective: WU has a beautiful set-up and like this under-followed story, though earnings coming soon, so a dip on results I think would be a good time to target May calls.

Confidence Ranking: \$\$