

## SL: Insider Intelligence Trade Alert 5/5/23

**\*\*Buy Alert: ADT Inc (NYSE: ADT)\*\***

**Price at alert: \$5.43**

**Buy Limit: \$6.19**

**Stop Limit: \$4.64**

Hey it's Alex with a new Insider Intelligence trade idea.

This week, we're going to be looking at **ADT Inc (NYSE: ADT)**.

ADT is the home security company that we've all probably heard of.

In just the past three days, there's been a cluster buy of 3 insiders scooping up stock.

You have Executive Vice President and Chief Operations Officer Donald Young who bought 50,000 shares:

1. Name and Address of Reporting Person* <u>Young Donald M.</u>			2. Issuer Name and Ticker or Trading Symbol <u>ADT Inc. [ ADT ]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <div>Director X Officer (give title below) EVP &amp; COO</div> <div>10% Owner Other (specify below)</div>		
(Last) <u>C/O ADT INC.</u>	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>05/04/2023</u>			6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person		
(Street) <u>BOCA RATON</u>			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(City) <u>FL</u>			Rule 10b5-1(c) Transaction Indication <input type="checkbox"/> Check this box to indicate that a transaction was made pursuant to a contract, instruction or written plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). See Instruction 10.					
(Zip) <u>33431</u>								
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned								
1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
Common Stock	05/04/2023		P	50,000	A	\$5.15 <sup>(1)</sup>	433,809	D
Common Stock							1,525,248.5	I
								Sweet Yourself LLC <sup>(2)</sup>

Then there was James David Devries — President and CEO — who bought 50,000 shares as well.

1. Name and Address of Reporting Person <sup>7</sup> <a href="#">DeVries James David</a>			2. Issuer Name and Ticker or Trading Symbol <a href="#">ADT Inc.</a> [ <a href="#">ADT</a> ]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  X Director 10% Owner X Officer (give title below) Other (specify below) <div>President &amp; CEO</div>		
(Last) (First) (Middle) C/O ADT INC. 1501 YAMATO ROAD			3. Date of Earliest Transaction (Month/Day/Year) 05/04/2023			6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person		
(Street) BOCA RATON FL 33431			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(City) (State) (Zip)			Rule 10b5-1(c) Transaction Indication <input type="checkbox"/> Check this box to indicate that a transaction was made pursuant to a contract, instruction or written plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). See Instruction 10.					

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			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/04/2023		P		50,000	A	\$4.96 <sup>(1)</sup>	2,131,705	D	
Common Stock								1,409,814.5	I	Bethel Ventures LLC <sup>(2)</sup>

And you have EVP and Chief Learning Officer David Small who bought 10,000 shares:

1. Name and Address of Reporting Person <sup>7</sup> <a href="#">Smail David W</a>			2. Issuer Name and Ticker or Trading Symbol <a href="#">ADT Inc.</a> [ <a href="#">ADT</a> ]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  X Director 10% Owner X Officer (give title below) Other (specify below) <div>EVP, CLO and Secretary</div>		
(Last) (First) (Middle) C/O ADT INC. 1501 YAMATO ROAD			3. Date of Earliest Transaction (Month/Day/Year) 05/04/2023			6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person		
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			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/04/2023		P		10,000	A	\$4.91	457,210	D	

All three of these transactions happened on May 4th.

Which is interesting, because that's toward the later end of a major fall in ADT's stock price.



As you can see in the above chart, ADT gapped down hard starting on May 2nd.

This is likely a response to ADT's most recent Q1 2023 earnings report, where the company missed its revenue and EPS goals. However, here's why I'm not worried about ADT's long-term prospects.

One, despite a tough quarter, ADT is still doing ok. The company's debt has dropped about 24% year over year. Meanwhile, their margin is still high - sitting at 68%. And their cash flow is roughly the same.

The net income grew dramatically between 2021 and 2022 — jumping from negative \$340 million in 2021 to \$172 million in 2022. In Q1 2023, however, the net income landed at \$102 million.

So, ADT is firmly on track to beat those numbers in 2023.

The final point I'll make is that the recent price pullback has put ADT at a very attractive valuation in my book. Price to book is at 1.28. I usually look for a P/BV ratio below 1.5. So ADT fits the bill.

With all that considered, we're going to add ADT into the model portfolio.

## **BUT WAIT THERE'S MORE!**

We're going to do something a little different starting this week. A few readers have been asking for ways to juice their potential gains. So, in addition to adding the plain old stock to the portfolio, we're also going to be giving some options trade ideas to accompany each trade.

For this week, we're going to take the **ADT 6 Jun 2023 \$6 Call** position. Options are inherently risky, and always be especially careful if you decide to trade them. I recommend starting with a paper trading account at first until you're experienced.

To your wealth,

Alex Reid

Founder, Insider Intelligence

