



## T-Mobile Size Call Buyers See Upside in 2019

**Ticker/Price:** TMUS (\$74.60)

### Analysis:

**T Mobile (TMUS)** buyers active yesterday for 10,000 OTM August \$82.50 calls up to \$1.20 and then later 3,400 August \$85 calls bought \$1.05 up to \$1.15. TMUS has seen the June \$80 calls bought over 5,000X recently as well as the July \$75 calls. Shares are consolidating in a bull flag with a near-term target of \$80. TMUS has headline-driven upside with their deal for Sprint being watched closely. The company reportedly is considering concessions to push through the \$26.5B deal. Bloomberg reported on 5-13 the company is considering a separation/sale of their prepaid businesses while selling airwave licenses or setting up a new carrier are also options. TMUS has long been the preferred play in the telecom space with their strong growth. The company is coming off another strong quarter with 2.4M customer adds and record low postpaid phone churn. TMUS sees significant operating leverage in 2019 and upside from 5G which will become a bigger story in the 2H and early 2020. The \$62.9B company trades 16X earnings and 1.4X sales. Wells Fargo with a 60% probability of the deal passing in a recent note. They continue to favor TMUS in the space, deal or no deal. TMUS was a new position for Stan Druckenmiller in Q1.

### Hawk Vision:



**Trading Strategy:** TMUS has long been the preferred Telecom name on business fundamentals though now becoming more an event play. I think it can be had a bit lower with plenty of time until August.

**Confidence Ranking:** \$\$