



Calls Accumulate in Outfront Media in Unusual Activity

Ticker/Price: OUT (\$26.30)

Analysis:

Outfront Media (OUT) with a buyer of 2,000 September \$25 calls today for \$2.10 to open and follows buyers of more than 4,350 July \$25 calls earlier this week, some in straddles with the puts although heavily skewed delta positive. Shares are hitting their highest levels since April 2017 this week with new highs just above at \$28. OUT formed a small bull flag under \$26 recently forming a double-bottom at the rising 34-MA. Shares have been in a strong trend since January without testing the 55-day MA down near \$24.65 once since 1-8. The \$3.8B company trades 19.88X earnings, 2.32X sales, and 3.5X book with a 5.5% yield and guiding to double-digit EPS growth next year. OUT expects 3.6% and 3.8% revenue growth though 2021. They are seeing strength in billboards, both static and digital, while transit was “exceptional” with MTA deployments up to 2,000. They are also seeing strong local growth. OUT has key drivers going forward from digital transition which is only around 20% of revenues currently. Analysts have an average target for shares of \$27 with 5 buy ratings and 3 hold ratings. Imperial upgrading to Outperform on 6/6 with a \$29 PT. The firm cites higher estimates for 2020 due to a “more robust” outlook for Outfront's transit business, particularly digital signage in New York City. Short interest is 1.3% and near multi-year lows. Hedge Fund ownership rose 8.19% last quarter. Highbridge Capital a top buyer of 566k shares.

Hawk Vision:



Trading Strategy: OUT is a name discovered earlier this year on unusual call buys and tracked its strong earnings, like the business and the nice yield as a name to own, not trade actively or with options.

Confidence Ranking: \$\$