



## Longer Dated Calls Accumulate in Gray TV

**Ticker/Price:** GTN (\$18)

### Analysis:

**Gray Television (GTN)** trading 10X average calls today with buyers active again for 2,660 February \$20 calls for \$1.70 to \$1.75, spot where almost 1800 were bought last week. GTN has over 1150 August \$20 calls in OI from buyers as well. Shares pulled back recently from 52-week highs around \$25 and rebounding off of YTD VPOC around \$16.50 in June. There's a big volume gap above \$19.50 which measures back to \$22. Long-term, GTN held trend support from the 2018 lows and remains above the 3-year VPOC. The \$1.8B company trades 5.9X earnings, 1.3X sales, and 7X FCF with estimates for over \$3/share in EPS and 14.5% revenue growth next year. GTN has tailwinds from 2020 political ad spending which has been a significant driver of upside in recent quarters with the cycle starting earlier than in the past. GTN has been buying up smaller stations to capitalize on races outside of just the Presidential election as well. The company closed on their \$3.6B deal for Raycom in January which expands their reach into 85 key markets and digital capabilities. Analysts have an average target for shares of \$26.25. Benchmark positive on 5-28 citing the benefits of the recent Raycom deal. Barrington with a \$26 PT as the company executes on synergies from the deal while lowering leverage and prioritizes the balance sheet in the 2H. Barron's positive on 7-6 behind higher advertising spend on the election and valuation. Short interest is 2.1%, down from around 6% in early 2019. Hedge Fund ownership fell 5.8%. Darsana Capital, New Mountain Partners, and Gotham Asset Management notable holders.

### Hawk Vision:



**Hawk's Perspective:** GTN is an attractive value and likely works nicely through the next Election cycle, though I have preferred NXST.

**Confidence Ranking:** \$\$