



Bullish Strategies in Altice US

Ticker/Price: ATUS (\$24.25)

Analysis:

Altice US (ATUS) recent spreads active buying the August \$25/\$27 call spread and selling the \$22 puts 2000X while on 6-7 a trader bought the September \$26/\$29 call spread and sold the \$22 puts 2,500X. Today, the OTM January \$17 puts are being sold to open 10,000X. ATUS also has seeing sellers in the December \$18 puts and buyers active in the January \$20 calls with over 2,000 holding in OI. ATUS shares are flagging under \$25 and the recent highs in a multi-week range with a \$27/\$28 measured target. On a long-term look, shares cleared a big base in early 2019 and consolidating above the rising 20-week MA. ATUS traded as high as \$32 in 2017. The \$16.25B company trades 23.28X earnings, 1.7X sales, and 12X FCF. ATUS expects to make \$1.50/share in earnings in FY21, up from \$0.55 this year, and sales growth expected to grow 3.6% and 2.7%. ATUS has a number of potential catalysts to drive value including acquiring assets from Sprint/T-Mobile's divestiture process, merger synergies from their \$200M deal for Cheddar, and a potential sale of their Lightpath Fiber business which could fetch \$3B. Analysts have an average target for shares of \$27. Pivotal with a \$32 PT on 6-14. The firm thinks there's plenty of room for upside as management continues to execute on a relatively lean cost structure and maintains their capital return. Short interest is 2.2%. Hedge Fund ownership rose 50% last quarter. Soroban Capital a top holder with 20M shares bought last quarter, a 7.78% weight. Zimmer Partners, Sessa Capital, Greenlight Capital, and Senator Investment all top holders as well.

Hawk Vision:



Trading Strategy: ATUS looks solid on the chart and a few potential upside breakout catalysts, but the activity leaves a lot of room for error and more a buy on weakness name based on the flow structure.

Confidence Ranking: \$\$