



Crown Castle Bulls into Earnings Drop

Ticker/Price: CCI (\$128.30)

Analysis:

Crown Castle (CCI) early buyers of 800 September \$130 calls for \$2.70 and action now over 1700 on the day. CCI has seen buyers recently of the August \$125 calls as well as 1,500 January \$105 puts sold to open on 7-19. The August \$120 calls bought in size on 6-19 at \$16 and 1,000 remain in OI, slightly underwater. CCI shares are back at trend support from the January lows and tested YTD VPOC recently post-earnings around \$125, nice reward/risk area for a rebound back to 2019 highs. The \$53.7B company trades 24.5X EV/EBITDA and 4.5X book with high-single digit AFFO growth. They raised estimates last week and now see 3.5% to 4% revenue growth through 2021. CCI is seeing strong demand for their small-cell towers and fiber assets amid a broader 5G adoption cycle. CCI remains positioned well in urban areas and expanding their deployment of small-cell nodes and other short-range stations to meet growing demand. Analysts have an average target for shares of \$123. Citi positive on 7-8. The firm thinks the backdrop for tower stocks remains positive with the potential for a new wireless entrant to take the place of Sprint (S) as a fourth national wireless competitor. They think site leasing growth will improve through 2020 and have a \$144 PT for shares. Short interest is 1.4% and steadily declining, down from around 2.5% in July 2018. Hedge Fund ownership fell 14.5% in Q1. Echo Street, Thornburg Asset Management, and WCM notable holders. CCI had a director buy \$2.25M in stock on 4-24 around \$123. Earlier this year, three different directors bought over \$600k in stock around \$105-\$115.

Hawk Vision:



Hawk's Perspective: CCI has long been a favorite and the Tower group continues to show no reason to exit with fundamentals remaining strong, a name to consider versus those lows.

Confidence Ranking: \$\$