



## Calls Accumulate in Beaten Up Fox

Ticker/Price: FOXA (\$33.5)

### Analysis:

**Fox (FOXA)** buyer of more than 2,000 January \$37 calls up to \$1.10 today to open and follows buyers of 2,500 August 30<sup>th</sup> (W) \$33.50 and 7,800 August 30<sup>th</sup> (W) \$34 calls in the past week. FOXA doesn't have a lot of other notable OI after recent expiration cycles but did see Chairman Rupert Murdoch buy \$21.1M in stock in June. Shares have traded weak since their asset sales to Disney and just below the June support this week. VPOC for the recent range is around \$36 while next target would be \$41 around the April high. The \$20.17B company trades 12X earnings, 1.82X sales, and 2.4X FCF with a sizable cash position which they may use for content-driven acquisitions, per recent comments from CEO Lachlan Murdoch. FOXA sees 21.5% and 15% EPS growth the next two years with topline growth in the 3% to 4% range. The newly slimmed-down FOXA has a number of drivers into 2020 including Super Bowl LIV, taking over WWE Smackdown, and expansion of their digital efforts. Their news arm is also likely to see better ad sales with the Election. Analysts have an average target for shares of \$45. Guggenheim downgrading to Neutral in June citing near-term investment costs, especially in TV. Goldman starting at Conviction Buy on 6-26 with a \$46 PT. The firm is positive on their 'early mover' status in US sports betting while also expecting FOXA to raise the prices for its affiliate fee contracts with pay TV operators, which he sees providing free cash for programming, investments and share buybacks. Short interest is 3% and up from around 1.6% in June. Hedge Fund ownership fell 22.5% in Q2. Baupost Group, Egerton Capital, Elliott Management, 3G Capital, Hound Partners, and Brahman Capital all notable holders. Third Point is the second largest fund holder with 10.5M shares and adding last quarter.

### Hawk Vision:



**Hawk's Perspective:** FOXA has some strategic value but until this trend shifts, not a name too interested in with lower Delta activity.

**Confidence Ranking:** \$