



World Wrestling Calls Bought as Large Base in Shares Forms

Ticker/Price: WWE (\$75.90)

Analysis:

World Wrestling (WWE) with buyers active yesterday for more than 3,000 October \$80 calls up to \$2.25 in the afternoon. WWE has over 5,500 October \$75 calls in OI from buyers back in July while the January \$75 and \$85 calls both with notable OI from buyers. Shares are nearing a multi-week range breakout above \$77.50 with a gap back to \$81.50 which was the breakdown level in May. Longer-term, WWE shares consolidating in a wide range under \$100 after a parabolic run in 2018 from \$22.50. The \$5.95B company trades 24.58X earnings, 6.5X sales, and 20X cash with a small yield. WWE expects to earn over \$3.35/share by FY21, up from \$1 now, while revenue estimates are for 28.5% growth. WWE is coming off a strong quarter and locking in distribution deals in the UK, Latin America, and China as their international push expands. The company continues to see a significant opportunity outside the US with 70% of consumption coming from outside the US while only 25% to 30% of revenue. WWE is also set to debut on Fox in October with a reach of more than 120M homes, 33% higher than the USA Network. They also expect to be promoted along-side Thursday Night Football which will help boost their profile. Analysts have an average target for shares of \$100 with 11 buy ratings and 2 hold. Evercore starting at Outperform on 9-4 with a \$90 PT seeing the company on the brink of 'unprecedented growth.' The firm notes that wrestling is perfectly suited for a new age of media and more than 50% of revenues are now contractual with several growth opportunities are not yet priced into the stock. They also note the appeal of, "wholly owned content with global appeal which can be effectively distributed (and monetized) across multiple media channels." MKM positive on 8-19. The firm notes that multiple wrestling-focused websites have speculated that WWE has received offers from both USA Network and Fox Sports 1 to purchase TV rights for a weekly program based on its NXT brand, which currently only airs a show on WWE network. Short interest is 11.7%. Hedge fund ownership rose 15.75% in Q2. The McMahon Family still owns a significant stake of the public float despite selling 3.2M shares. Lone Point Capital a buyer of 2.5M shares.

Hawk Vision:



Hawk's Perspective: WWE looks ready to retake its rising 200 MA and love the basing pattern forming on the weekly and daily, a quality growth story in Media.

Confidence Ranking: \$\$