



Interactive Corp. Bullish Positions as Strength Continues

Ticker/Price: IAC (\$254)

Analysis:

IAC Interactive (IAC) with opening sellers of 600 January 2021 \$230 puts for \$26.25 to \$25.50 and follows buyers in the Sept. \$270 calls in mid-August. IAC has been popular with put sellers across the January 2020 and Jan. 2021 options while the January 2021 \$250 calls, January 2021 \$240 calls, and Oct. \$250 calls all with smaller but high-dollar open interest. Shares are coiled just below new 1-year highs and above its rising 20-day MA with a move higher targeting \$300. The \$21.4B company trades 42.4X earnings, 4.76X sales, and 25.4X FCF with estimates for strong EPS growth the next two years, up 8% and then 22%. IAC has seen revenue growth in the mid-double digits recently and expecting 14.6% and then 14.45% the next two years as they better monetize Vimeo, continue to see growth in Match, and expand into new verticals through M&A. IAC is coming off a strong quarter with their wholly-owned businesses like Dotdash showing strong Y/Y growth but weighed down by ANGI Homeservices (ANGI) which continues to lag. IAC could unlock significant value with asset disposals after announcing plans to explore a distribution of their equity interest in Match and ANGI. Analysts have an average target for shares of \$288. Jefferies with a \$300 PT on 8-12 citing their SOTP analysis and ability to generate long-term value through portfolio optionality. CSFB with a \$314 PT citing continued realization of both platform and cost synergies at ANGI and optionality for incremental share gains for Vimeo among content producers as IAC looks to aggressively acquire new subscribers. Short interest is 5.5%. Hedge Fund ownership fell 8.6% in Q2. Cadian Capital with 1.36M shares while Marcato with over 869K shares. Samlyn Capital, Polar Capital, and Light Street Capital all notable holders.

Hawk Vision:



Hawk's Perspective: IAC remains one of the most overlooked strong investment vehicles and remains a core long into any weakness.

Confidence Ranking: \$\$