



Nielsen Calls Hot on Open

Ticker/Price: NLSN (\$23)

Analysis:

Nielsen (NLSN) trading nearly 10X average calls in the first half hour of the day with buyers active for 5,500 November \$25 calls up to \$0.70 and more than 7,000 February \$25 calls up to \$1.20. NLSN still has 17,000 November \$23 calls in OI from a buyer on 7-11. Shares are emerging from a downtrend from the April highs and above \$24 and the 200-MA targets a move back to \$26-\$27. Longer-term, NLSN has been in a steady downtrend after trading as high as \$55 in 2016 but showing some positive divergences into the recent re-test of the lows. The \$8.11B company trades 12.37X earnings, 1.26X sales, and 15.8X FCF with a 6.16% yield. They see EPS growth accelerating from 3.5% growth in FY20 to 14.5% in 2021 with low-single digit revenue growth. NLSN has undergone management changes over the last year with a new Chairman and CEO as they evaluate a turnaround in the business and cost cutting. They're undergoing a strategic review and expect results in Q3 with reports the company will consider selling parts of itself rather than the whole company. On 9-5, it was reported they are exploring a deal for their Music business. Analysts have an average target for shares of \$26. Sun Trust with a \$28 PT for share and positive on steps made by management to increase transparency and improve execution. Short interest is 3.8% and down from around 8% in November 2018. Hedge Fund ownership rose 13% in Q2. Windacre a top holder with 19M shares and Elliott Management with 14M shares as well as call options. The activist firm has been involved since August 2018 and is pushing for the company to sell itself. The last notable insider buy was in late 2017 when the CEO bought \$500K in stock at \$36.86.

Hawk Vision:



Hawk's Perspective: NLSN is a complete event-driven name and overall a low-quality business, not one I look to play after the run off lows.

Confidence Ranking: \$\$