



## Live Nation Large Position Opens into DoJ Probe Weakness

**Ticker/Price:** LYV (\$67.50)

### Analysis:

**Live Nation (LYV)** stock replacement buys 3,500 April \$70 calls for \$5.70. LYV has seen some smaller buys in the October \$65 and \$70 calls as well as the January \$65 calls which remain in OI. Shares have been on a strong run since early 2017, up from around \$30, and consolidating in a multi-month range recently under \$72.50. Shares are near the June breakout level today with the rising 200-MA down near \$62.50 ideal support. The \$15B company trades 115X earnings, 1.32X sales, and 34X FCF. LYV expects to earn nearly \$1/share in EPS by FY21, up from \$0.35, with revenues up 8-9%. LYV has benefitted from a secular shift in the music industry towards live performances and experiences over physical holdings while millennial spending power accelerates. LYV has been active with M&A as they look to gain market share, especially internationally, and recently added OCESA in Mexico which is a top global promoter. LYV has faced concerns over online ticket markets with two Senators calling for an investigation in late August. Analysts have an average target for shares of \$68.75 with 6 buy ratings. Citi downgraded to Sell in June with a \$63 PT seeing valuation stretched. Berenberg with a Buy rating and \$73 PT citing the company's leading position in a growing industry with significant barriers to entry. They also expect LYV to benefit from favorable industry demand dynamics. Short interest is 4.9% and down from around 7.8% in January 2018. Hedge Fund ownership fell 6.2% in Q2. Liberty is a minority holder with 69M shares while Findlay Park, Victor Capital, and Select Equity notable holders.

### Hawk Vision:



**Hawk's Perspective:** LYV remains a favorite play on the secular growth trend of “experience spending” and think today's move is a bump in the road. The \$66.50 level is support to eye.

**Confidence Ranking:** \$\$