



Put Sales See Value in Trip Advisor

Ticker/Price: TRIP (\$39)

Analysis:

Trip Advisor (TRIP) with 950 November \$37.50 puts sold to open \$1.85 to \$1.75 early today and flows continuing now above 2,370X in the opening hour. TRIP saw 2350 December \$32.50 puts sold to open on 9/19 and also has 5000 December \$40 puts tied to long stock in OI. Call activity has been quiet but there are 3000 January \$42 calls that have accumulated with 1000 adding on 9/11. The activity today shows a willingness to buy shares near last week's low and shares trying to put in a higher low from the one in late 2017, an orderly pullback since late 2018 when shares traded above \$65, and held major volume support in late August. The \$5.4B internet company trades 18X Earnings, 9.7X EBITDA, and 15.85X FCF with a clean balance sheet and around \$1B in cash, becoming an intriguing value name. TRIP has seen topline growth slow the last few years but sees comps starting to accelerate in Q4 this year and into 2020 with 8.2% growth seen in 2020. Analysts have an average target of \$49 on shares and short interest steady at 13.2% of the float. On 9/4 UBS upgraded shares to Neutral from Sell with a \$40 target citing a valuation reset with concerns on the core Hotel business and sees forward margin structure as a big determinant for shares in the future. Jefferies out negative in August with a \$36 target seeing it taking several years for the company to scale an Experiences business with OTA-line profit margins. Standpoint started coverage in July at Buy with a \$60 target and DA Davidson raised to Buy in June seeing improving trends with new products as well as stability in the core hotel business. Hedge Fund ownership was flat in Q2 filings, Jackson Square adding to a concentrated position. TRIP has long been seen as a potential M&A candidate and with this valuation reset it may become increasingly likely.

Hawk Vision:



Hawk's Perspective: TRIP is near triggering some bullish moving average crosses and above \$40 can make a run, starting to like the value proposition in shares that have been written-off by many.

Confidence Ranking: \$\$