



## Call Buyers See Opportunity in Match Weakness

Ticker/Price: MTCH (\$74.80)

### Analysis:

**Match (MTCH)** sweep buy 1525 December \$75 calls \$6.20 to \$6.24 which follows recent November \$75/\$85 call ratio spreads opening 4000X8000 and the December \$90 calls with 5500 sold to open. MTCH also had 4500 November \$60 puts sold to open with the ratio call spread. Shares of MTCH have pulled back and based above the prior flag breakout level in July, also just above a 38.2% retracement of the Q4 2018 low to 2019 high, and a weekly falling wedge pattern developing as weekly RSI finds support at the 50 level. The \$21.33B mobile dating app company trades 35.6X Earnings, 28X EBITDA and 10.9X EV/Sales with shares coming under some pressure recently on competitive concerns with Facebook (FB) launching a dating product and parent-company Interactive (IAC) set to distribute its remaining large stake, as well as a pending FTC lawsuit. MTCH estimates see 19% revenue growth this year and 17.5% in 2020 with 15-20% annual EPS growth as well. Match has 9.1M average subscribers and Tinder the 2nd highest grossing app worldwide. EBITDA margins have been rising as well from 31% in 2015 to 38% in 2018 while ARPU steady at \$0.58 the last few quarters. It sees a long runway for growth with online dating still very underpenetrated. Analysts have an average target of \$90 on shares. Deutsche Bank out positive on 10-7 seeing business fundamentals untarnished despite some recent overhangs in shares. OpCo recently upgraded shares to Outperform citing 3P download data showing an acceleration in Tinder and sees material usage growth untapped. Nomura raised to Buy with an \$88 target into recent weakness seeing limited downside from a potential \$60M FTC penalty and revised gross margins higher while its emerging brands are underappreciated as it expands its reach. Hedge Fund ownership rose 13.2% in Q2 filings, DE Shaw a top buyer.

### Hawk Vision:



**Hawk's Perspective:** MTCH remains a very healthy growth story and liking the activity, a move over \$78 would trigger a trend/base breakout.

**Confidence Ranking:** \$\$