



## T-Mobile Bulls Position for Continued Strength

Ticker/Price: TMUS (\$82.40)

### Analysis:

**T-Mobile (TMUS)** another 1,780 January \$77.50/\$70 bull risk reversals trading today for \$5.85 and follows 2,000 bought yesterday. The November \$85 calls were bought 3300X on 10-28 as well while the November \$80 calls have over 6800 in open interest still from buyers. Shares are near a breakout to new highs above \$85 with the rising 8-EMA supportive today at the earlier lows and 20-day curling higher. The measured target is \$95/\$100. The \$71.15B company trades 17X earnings and 1.15X sales with industry-best metrics across postpaid adds and churn. TMUS raised their outlook earlier this week while increasing capex as they build out spectrum ahead of their nationwide 5G launch. TMUS is awaiting approval for their Sprint (S) deal with reports this month that they have won over enough FCC votes for Federal approval. They continue to await a decision in a state-level lawsuit over the merger but confident that they can close in early 2020. TMUS expects 21.7% and then 24% EPS growth the next two years with revenues up 5.5%. Analysts have an average target for shares of \$92.50. Sun Trust with a \$95 PT for shares seeing its 'Uncarrier' strategy helping drive market share gains in a more mature and competitive market. Bernstein starting at Outperform recently with a \$103 PT citing their 40% FCF/share growth through 2023. Short interest is 1.4%. Hedge fund ownership fell 15% in Q2, Point72 and OZ Management sellers. Glenview remains a top holder while Maverick also with 3.8M shares.

### Hawk Vision:



**Hawk's Perspective:** TMUS is extended with the recent range breakout but remains a high quality play in a low growth Telecom group, the preferred own.

**Confidence Ranking:** \$\$