



## Verizon Large Call Buy Sees New Highs in 2020

Ticker/Price: VZ (\$59.30)

### Analysis:

**Verizon (VZ)** block buy 10,000 March \$62.5 calls \$0.79 which follows 6000 December \$61 calls bought late yesterday, a name with overall mixed positioning but one large position of 6000 January 2021 \$50 calls opened 3/22/19 and remains in open interest as do a large amount of January 2020 calls. VZ shares have a nice weekly chart and pulled back the last month with higher yield names, but a \$53/\$61 range developing for a potential major breakout to target a move up to new highs near \$70 in 2020. The \$246B Telecom trades 12X Earnings and 7.4X EV/EBITDA with a 4.13% dividend yield. VZ has a very minimal outlook for revenue, EPS and EBITDA growth the next two years. It is coming off an in-line quarter with strong wireless volumes and is focused on its 5G rollout strategy, a potential driver for 2020 and beyond. The FT reported in October it is seeking a buyer for its Huffington Post website. VZ sees continued usage growth as a tailwind and has leading overall win rates compared to peers as it continues to capture share. Analysts have an average target of \$62 on shares and short interest minimal at less than 1% of the float. VZ will present at the Wells Fargo TMT Summit on 12-2. OpCo upgraded shares to Outperform in August with a \$70 target, seeing average revenue per user continuing to grow. Nomura and HSBC have recently cut shares to Neutral. Speculation has been around for a while that VZ could do a transformational M&A deal but the company recently said nothing major is planned near-term. Hedge Fund ownership surged nearly 20% in Q3 filings, Boston Partners and Sanders Capital notable concentrated holders.

### Hawk Vision:



**Hawk's Perspective:** VZ is positioned well into 2020 with **TMUS** losing its key CEO and **T** working through major acquisitions and debt deleveraging. I like VZ as a 5G play and its defensive nature with a healthy yield.

**Confidence Ranking:** \$\$