



## Tegna Options See Deal Happening

Ticker/Price: TGNA (\$15)

### Analysis:

**Tegna (TGNA)** buyer today of the April \$16/\$20 call spread 2,500X3,750 and still has 10,000 April \$15/\$20 call spreads in OI from buyers over the last week. TGNA has held up over the last two weeks as an event-driven play with multiple bidders reportedly lined up for the company, despite Gray (GTN) apparently stepping back today. In the past two weeks, Byron Allen, Najafi Co, Trinity Broadcasting, and Apollo all reportedly willing cash buyers at \$20/share, or roughly \$8.5B including debt. The offers come with activist Standard General pushing the company to consider all options and nominating directors to the board to help push forward a more shareholder friendly strategy. The \$3.28B broadcaster is an attractive asset with shares trading 8.4X earnings, 1.43X sales, and 22X FCF with a 1.86% yield. TGNA has reach across television, radio, and digital content on a local level in 41 key markets in the US and positioned well the massive political spending cycle this year which will again set records. In January the company guided to over \$300M in high-margin political revenues with most weighted to the back-end of the year, but upside still has more state-wide races come into focus. Analysts have an average target for shares of \$19. Argus with a \$21 PT seeing an easier path to a deal given the elimination of the FCC's local station ownership rules. Benchmark with a \$21 PT as retrans rates continue to come in strong across their major markets. Short interest is 6.5% but steady over the last two years. Hedge fund ownership is up 4% in Q4. HG Vora a buyer of 5.85M shares.

### Hawk Vision:



**Hawk's Perspective:** TGNA is an interesting event-driven name that seems like free money, but there is a lot of weird things happening in markets right now, and no certainties.

**Confidence Ranking:** \$\$