



## Alice Bulls See Upside in 2020 on New Products, Expansion Plans, M&A

Ticker/Price: ATUS (\$25.85)

### Analysis:

**Altice US (ATUS)** buyers on Friday of 1,000 January \$27 calls up to \$3.60 and follows the December \$30 calls bought on 3/4 over 2,500X. The Jan. 2022 \$27 calls were bought in mid-February for more than \$1.15M. Shares are back at the December lows as well as VWAP from the December 2018 low that sparked a massive rally. The recent high is up around \$31 and a longer-term move above that level would measure to \$38. The \$16.6B company trades 21.36X earnings, 9X EBITDA, 1.7X sales, and 13.85X FCF. ATUS is entering a period of strong EPS growth, expected to be up 62% and 59.35% the next two years, while revenues are in the low-single digits but growing. ATUS suffered higher video sub losses and lower broadband adds in December but encouraging gains for their new mobile service which ended its introductory rollout in February. They're also accelerating their fiber rollouts as well, a big part of their next-gen strategy to boost broadband numbers. ATUS has been slowly expanding their footprint in the US with 8.8M homes and has made no secret they'd like to look at M&A in 2020. On the Q4 call, the company announced a deal for Service Electric which gained them homes in New Jersey. Analysts have an average target for shares of \$33.50. Raymond James upgrading to Strong Buy in February with a \$35 PT. They think Altice represents a strong FCF growth story over the next few years as management has removed cost and can begin to reap the benefits of network upgrades, SME expansion, advertising and mobile. CSFB out positive in January noting that the recent Sprint/TMUS deal has positive read-throughs as it both shows the DOJ is supportive of communications consolidation and because of Altice's prior Sprint MVNO relationship which has been extended to 7 years post close. Short interest is 2.3% and declining. Hedge fund ownership rose 1.35% in Q4 with Soroban Capital and Melvin Capital top holders, the latter with a new 9.5M share position. Activist Corvex also with an interesting new 1.6M share position. On 1/31 a director bought stock at \$26.37, albeit a small buy.

### Hawk Vision:



Hawk's Perspective: ATUS

Confidence Ranking: \$\$