



## Dish Network Calls Position for Upside on Potential Event Driven Situation

Ticker/Price: DISH (\$22.5)

### Analysis:

**Dish Network (DISH)** with large trades late on 4/17 with 6000 of the June \$25 calls bought to open \$1.85 to \$2.10 the last fifteen minutes of trading. On 4/6 there was a large buy of 2700 January 2022 \$25 calls to open for \$1.566M and DISH also has a lot of open interest in the June expiration including a lot of puts sold to open now trading in-the-money. DISH shares have been basing the last few weeks and above \$23 have room to run back to \$30. The \$11.12B satellite television operator has struggled in recent years with subscriber losses and the lack of live sports currently is likely to impact results further when it reports in May. Shares currently trade 8.65X trailing earnings, 12X FY19 EBITDA and 3.9X Cash. DISH does have leverage with Debt/EBITDA at 5.85X. DISH should be set to move forward with its acquisition of Boost Mobile from Sprint that it announced last July as it looks to make a push into the wireless space. Dish also has Sling and there has been talks about it merging with AT&T's DirecTV. Reuters reported on 4/13 that DISH is cutting jobs and reevaluating its business, and it plans to push into the 5G race. Analysts have an average target of \$40.50 and short interest at 4% of the float is reaching a three-year low. Bernstein upgraded shares to Perform with a \$34 target on 3/6 seeing the strategic outlook for DISH Wireless expanding and regulatory backdrop for a merger of DTV/DISH improving. Citi cuts its target to \$29 from \$47 on 3/25 while BAML on 3-12 resumed coverage at Buy and a \$36 target seeing upside call options across its business despite risks to cord cutting and high leverage. On 3/4 Pivotal upgraded to Buy with a \$39 target expecting CEO Charlie Ergen to be successful with wireless efforts and sees a potential merger by early 2021. Hedge Fund ownership fell 1.1% in Q4 filings.

### Hawk Vision:



**Hawk's Perspective:** DISH has a nice bottoming pattern making for an easy to manage trade versus a \$20 stop, potential to create value here.

**Confidence Ranking:** \$\$