



American Tower Trade Sees Upside Continuing

Ticker/Price: AMT (\$253)

Analysis:

American Tower (AMT) with 500 June \$260/\$200 bull risk reversals opening yesterday for \$11.10 debit and follows buyers in the July \$280 calls on 4/13 and the October deep ITM \$180 calls on 3/24. The July \$180 calls were bought for more than \$1.6M on 3/13. Shares are flagging in a multi-week range above the 8-EMA and just below the February highs and 1-year breakout. A move above \$260 has room up to \$280 in the near-term but long-term measured move targets \$340. The \$112B company trades 31.2X FFO with a 1.57% yield. They high-teens growth in both FY21 and FY22 due to the ongoing investment cycle for 5G. AMT benefits from higher data usage and a clear beneficiary of the current surge in traffic as well as any potential longer-term shift towards a 'work from anywhere' model. AMT is building out significant capacity as demand for data grows globally and carriers upgrade and expecting a record year of new build activity with capex near \$400M. In 2019, they added 4500 sites grew their contractually committed revenue base to \$14B, a steady and predictable stream. Analysts have an average target for shares of \$247. Wells Fargo upgrading to Overweight on 4-7 citing the large percentage of recurring revenue in the model which should make the outlook more stable. They also see catalysts such as higher spend due to WFH, the release of more spectrum to the market, and the continued buildout of 5G architecture. Raymond James upgrading to Buy on 3-26. They think the balance sheet is sold and the company learned important lessons about leverage, debt baskets and maturity laddering from previous market disruptions. Short interest is 0.9%. Hedge fund ownership fell 2.5%.

Hawk Vision:



Hawk's Perspective: AMT and the other Tower stocks remain consistent strong performers with the booming trends for data uninterrupted and worthy investments for the 5G cycle.

Confidence Ranking: \$\$