



FEATURED OPTIONS RADAR REPORT



Bullish Trades Continue in QURATE on Shopping Recovery

Ticker/Price: QRTEA (\$10.10)

Analysis:

QURATE (QRTEA) with 8000 October \$10 calls being bought this morning \$0.85 to \$0.97 and follows sellers of more than 40,000 January 2022 \$5 puts recently and a lot of August call open interest expiring this week. QRTEA shares have pulled back off of 52-week highs to the rising 50-MA and trend support from the April/May lows around \$10. The channel higher targets a move back above \$12 while longer-term shares are back-testing the recent breakout of a six-month base and downtrend. The \$4.27B company trades 5X earnings, 0.32X sales, and 4.3X FCF with mid-teens EPS growth. QRTEA is a leading video commerce company under the banners of Home Shopping Network, Zulily, and QVC and they're coming off a strong quarter driven by increased consumer spending and pullback from physical retail. The company is seeing high demand for home-related products in consumer electronics with strong growth in reactivated and occasional customers pushing their overall customer count up 14%. QRTEA is working on making margins more robust by pulling back substantially on promotions, keeping better inventories, and expanding their e-commerce side. Like many off-price retailer, QRTEA expects a big Fall and Winter with opportunities in home goods and apparel surging due to more big brand stores liquidating due to the lack of foot traffic. Analysts have an average target for shares of \$13.50. Citi with a \$12 PT seeing synergies driving 7% upside to 2020 and 2021 estimates. In April, the firm speculated that QRTEA could go private noting a few unusual precursors: the suspension of Qurate's share repurchase program with the equity at multi-year lows, insider buying by President and CEO Michael George in early March, and a \$700M reduction in revolver capacity at a time when many other firms are increasing revolver capacity. Short interest is 4% and down from around 6% in 2019. Hedge fund ownership fell 7% in Q2. Abrams Bison Investment buying 5.5M more shares and Carlson Capital with a new 2.7M share position. Insiders active in March with the CEO buying \$3M in stock at \$5.44 while in 2019 many of the Liberty c-suite like John Malone and Greg Maffei bought stock at \$12.50 to \$12.75.

Hawk Vision:



Hawk's Perspective: QRTEA has been an interesting beneficiary, not completely enamored by the business consider some better ecommerce plays out there, cut could trade it versus the 55 MA.

Confidence Ranking: \$\$