



## FEATURED OPTIONS RADAR REPORT



### Boingo Wireless Calls Open with Activist and Potential Sale Ahead

Ticker/Price: WIFI (\$11.60)

#### Analysis:

**Boingo Wireless (WIFI)** with a buyer earlier of 10,000 November \$10 ITM calls for \$2.55, sizable trade in the name with limited open interest. WIFI shares are back at the 50% retracement of the initial bounce from the March lows and long-term upside above \$15 as it clears a multi-month base. WIFI has struggled since a strong multi-year run up to \$34 in 2018/2019. The \$545M company trades 2.2X sales and 3.2X cash, although some concerns about long-dated maturities. They see high-single digit revenue growth in FY21. WIFI focuses on wireless connectivity solutions and small-cell networks for large venues and facilities like military bases, colleges, stadiums, and more. They have been impacted by COVID's restrictions on large gatherings but they continue to win new long-term licensing rights as venue owners look forward to 2021 and beyond and a gradual return to normalcy. The company recently won a deal to outfit the Austin, TX MLS stadium and much of their work on airports, multi-family, and military is longer-dated contracts giving them extended visibility beyond the near-term headwinds (average build deal is 24-36 months). WIFI has been a long-term winner in share for RFP with 42% of the market and they see expansion in DAS venues as a big driver going forward as the total market is just 8% penetrated currently. WIFI has been exploring strategic alternatives since March and in August activist investor Legion Partners publicly pushed for the company to sell itself given the value of their scale, current contract wins, and IP. Analysts have an average target for shares of \$19.50 with 7 buy ratings and 1 hold. Ladenburg at a Street High \$22 and they noted in August that they expect a return to growth in 2021 while nearly all of the shortfall recently was due to the initial shock to travel in the Spring. Short interest is 6.2% and down steadily from 13.7% in July 2019. Hedge fund ownership fell 5.5% in Q2, Oaktree, Granite Investment Partners, and activist Legion Partners top holders. CEO Michael Finley a buyer of 10,000 shares of stock in August 2019 around \$11.

#### Hawk Vision:



**Hawk's Perspective:** WIFI reward/risk looks favorable into this decline with optionality of a sale and the Insider purchase level as likely support.

**Confidence Ranking:** \$\$