



FEATURED OPTIONS RADAR REPORT



Crown Castle Bulls Position for Potential Strategic Changes

Ticker/Price: CCI (\$158.50)

Analysis:

Crown Castle (CCI) with some longer dated bullish positioning on 9/8 as the January \$165/\$180 OTM call spreads bought 1000X and the \$145 puts with opening sales 900X. CCI does not have a lot of notable open interest but in October the \$150 calls with 1000X bought and the \$140 puts with 1850X sold to open while OTM call open interest also elevated. CCI shares have been drifting lower since June unable to gather any upward momentum but the rising 200 day moving average sits near \$155 and shares back near the May base breakout level. Shares would need to clear \$167 to see bullish momentum back to \$180. The \$67B tower operator trades 26X AFFO with a 3% dividend yield with a history of solid growth. Reuters recently reported that Digital Colony has expressed interest in buying Crown's fiber business and comes after Elliott Management released a letter in July recommending changes to CCI after its underperformance to peers it attributes to the \$16B investment into the fiber business which has disappointing returns. Analysts have an average target of \$177 and short interest is down 38% Q/Q to 1.5% of the float. On 8/17 Bloomberg reported that CCI is open to value creating opportunities. Wells Fargo cut shares to Equal Weight on 8/20 with risks to 2020 guidance on slower T-Mobile spending and does not see CCI pursuing strategy changes near-term. Barclays started shares Overweight on 7/15 with a \$197 target. CCI will present on 9/9 at the BAML Conference and on 9/17 at the Goldman Conference. Hedge Fund ownership rose modestly in Q2 filings, notable large holders include Bill & Melinda Gates and Magellan.

Hawk Vision:



Hawk's Perspective: CCI has a lot of overhead supply here and prefer to see a nice base form before looking at a trade.

Confidence Ranking: \$\$