



FEATURED OPTIONS RADAR REPORT



T-Mobile Attracts More Bulls on Gap Fill

Ticker/Price: TMUS (\$113.75)

Analysis:

T-Mobile (TMUS) shares moving to session highs and notable late-day trade on Friday 9/25 as 1250 January \$120 calls bought for \$5.15. TMUS has over 13,750 November \$115 calls in OI from buyers and recently had buyers open the OTM November \$140 calls 2500X as well as the February \$120/\$100 bull risk reversal 1000X. Shares are working back above the 8- and 21-EMA today and eyeing a wedge breakout with room back to recent highs. The longer-term measured move targets a run to \$135 and with MACD near a bull cross and RSI back above 50 today, both reset nicely and ready to run. The \$136B telecom operator trades 2.65X sales, 12X cash and 8.8X EV/EBITDA. TMUS sees near \$4.50/share in earnings power by FY22 as they integrate their long-drawn-out merger with Sprint. TMUS is now the second-largest wireless provider in the US with over 98.3M customers and continuing to see industry-best net adds and low churn. They see huge opportunity to continue be a net share taker in the 2H and 2021. TMUS has been a leader in 5G as well and launch of the new iPhone likely a big catalyst as they leverage their growing network. Analysts have an average target for shares of \$118 and Deutsche Bank a Street High \$150. Scotiabank recently started coverage with a \$148 PT seeing strong leadership in 5G, powerful EBTIDA drivers, and FCF growth as they move into the next chapter post-Sprint. Short interest is 1.1%. Hedge fund ownership soared in Q2 with Appaloosa adding 5M shares and now their third largest position. Egerton Capital and Viking Global also adding 4M and 2.5M shares respectively.

Hawk Vision:



Hawk's Perspective: TMUS weekly chart has an explosive look and is the best-in-class Telecom name, the recent gap fill providing a nice base to trade against.

Confidence Ranking: \$\$