



FEATURED OPTIONS RADAR REPORT



Interactive Corp Bull Position into Likely Portfolio Catalysts

Ticker/Price: IAC (\$121.5)

Analysis:

Interactive Corp (IAC) with a notable trade on 9/14 as 1000 December \$130 calls were bought near \$9 and 1000 of the \$1000 puts sold near \$4 in bull risk reversals. IAC then released its August operating metrics after the close showing acceleration of growth for Angie's Homerservices (ANGI), strong growth at Vimeo and Dotdash, while Search continued to decline. IAC shares have moved back to the low-end of its two-month range with support at \$120 key to hold, while above \$128.50 can start a breakout move above \$135 for a projected upside target move to \$150. The \$10.5B internet company has completed its tax-free separation of Match (MTCH) and now has a lot of dry powder for further portfolio moves with a long history of spin-offs and acquisitions. Some of IAC other properties include Care.com, Vimeo, .Dash, Daily Beast and Ask Network. It sees a \$400B TAM for its ANGI Homeservices business, a \$20B TAM for Vimeo, a \$28B TAM for .Dash, a \$300B TAM for Care.com, and a \$300B TAM for NurseFly and BlueCrew in the healthcare and hospitality job matching business. IAC currently trades just 2.7X Sales and 19.1X FCF. Analysts have an average target of \$155 on shares. Jefferies out with a \$155 target this morning noting sequential acceleration for its key segments in August. KeyBanc started coverage Overweight last night with a \$160 target and sees potential for ANGI and Vimeo spin-offs as catalysts while Dotdash is under-appreciated. CSFB raised its target to \$160 after IAC announced an investment in MGM (MGM) that could start the foundation of a longer-term partnership that would open up a significant addressable market opportunity with potential in online gaming and sports betting. BMO raised its target to \$174 noting the \$3B in dry powder and expects share buybacks. Hedge Fund ownership rose 2.5% in Q2 filings.

Hawk Vision:



Hawk's Perspective: IAC is a great company with a lot of optionality and looks attractive here up against support.

Confidence Ranking: \$\$