



FEATURED OPTIONS RADAR REPORT



Comcast Bulls Look for Upside in 2H21

Ticker/Price: CMCSA (\$57.25)

Analysis:

Comcast (CMCSA) on 6/14 with a large trade late in the day as 8000 October \$57.50 calls were bought to open up to \$2.70 and also the June 25th (W) \$57.50 calls with 7000X bought for \$0.50. CMCSA has over 20,000 October \$52.50 calls in open interest from a 1/7/21 buy-write. CMCSA has seen some large call buys in March 2022 \$57.50 calls 2000X and a buyer of 10,000 January 2023 \$62.5 calls for over \$3M on 4/14. CMCSA shares have been consolidating below the YTD upper value level of \$58 and the current consolidation range breakout would target \$63 while the weekly flag that has ridden the rising 21-week moving average higher measures to \$65. Comcast has three primary businesses: Comcast Cable, NBCUniversal and Sky. CMCSA is a strong reopening play with the easy comps in TV/Film as well as Parks reopening while its Peacock streaming service is its key growth driver. CMCSA has always been a best-in-class operator and the \$261B company trades 15.65X Earnings, 2.5X Sales, 9.5X FY22 EBITDA and yields a 1.75% dividend, very attractive valuation for a name seen growing revenues 15% the next two years and EBITDA rising 22.5% in the same period. CMCSA earnings 80% of EBITDA from Cable which is seeing strong broadband subscriber growth. Peacock has seen 42M sign-ups and management sees the opportunity to improve the up-sell to premium with the addition of the NFL and WWE. CMCSA is also expected to resume buybacks in 2H21 though the recent AT&T/Discovery proposed merger could force its hand to pursue M&A with a company like Lionsgate, AMC Networks, or another media firm. Analysts have an average target of \$65 with short interest low at 1.6% of the float. HSBC raised its target to \$64 seeing CMCSA as a beneficiary of an economic recovery and its 33% stake in Hulu is underappreciated. Benchmark reiterated a Buy and \$70 target after shares sold off on the Discovery/AT&T news. Hedge Fund ownership fell 2% in Q1 filings.

Hawk Vision:



Hawk's Perspective: CMCSA is a high-quality favorite, more of a core own, and like to play call options around earnings reports, a name that looks poised for a run to highs.

Confidence Ranking: \$\$