



## Bulls See Intelsat Resuming 2018 Strength in 2019

**Ticker/Price:** I (\$23)

### Analysis:

**Intelsat (I)** with 4,000 March \$33/\$45 call spreads opening today for \$1.20, same spot where 2,000 were bought last week and today's action spread against a sale of 1,600 of the \$21 puts for \$2.60. I recently had buyers in the June \$30 calls and notable upside calls in the March \$24, \$25, and \$26 open interest. The June \$17.50 puts were sold to open 1,800X which remain in OI. Shares rallied in 2018 up to \$37.50 before pulling back in Q4 to the 50% retracement of the rally as well as 50-week EMA around \$20. MACD is curling higher around zero and RSI is back at 50. Shares are basing under \$25 and clearing a downtrend from the October highs. The \$3.21B company trades 1.5X sales and 4.8X cash with significant upside expected as C-band spectrum comes into focus with 5G. In July the FCC voted to find ways to open up the spectrum for wireless use which could include an incentive auction. Intelsat joined an alliance with other satellite operators SES and Eutelsat in October to negotiate secondary market agreements as the FCC moves towards a final decision. Analysts have an average target for shares of \$24 with limited coverage, 2 buy ratings and 4 hold ratings. MSCO upgraded shares to Neutral with a \$28 PT on 11/12 noting that the c-band process is moving faster than expected and they now forecast gross proceeds from the monetization process of \$20B. They remain sidelined however given headwinds in their core satellite business. Cowen was out positive on 10/3 noting that a recent move to sell \$700M in senior notes due in 2024 helps ease some balance sheet issues with the next major maturity not until 2023. They also think the FCC will take a more 'market-based approach' to monetization. Short interest is high, around 17% of the float, but down from peak 2018 levels. Institutional ownership fell 21.35% last quarter. PointState added a new 10.4M share stake last quarter, a 7.4% position. Silver Lake is a notable holder with 28M shares while Soros and Discovery are also top 10 holders.

### Hawk Vision:



**Trading Strategy:** I needs to clear this 50 MA which will also carry it out of the falling wedge pattern, a complete event-driven play, but one that continues to see bullish positioning with a considerable upside scenario.

**Confidence Ranking:** \$\$