



OptionsHawk

Liberty Global Calls Accumulate in Open Interest

Ticker/Price: LBTYA (\$22.30)

Analysis:

Liberty (LBTYA) shares showing some relative strength today despite the market dipping and continues to base under \$23 and a potential downtrend break from the September highs. LBTYA has seen a number of bullish positions open recently including 2,000 July \$17.50 calls on Friday around \$5.35, more than 5,750 July \$25 calls, and 950 April \$20 calls. LBTYK has also seen bullish flow in April and July. A move above this downtrend targets \$25 in the near-term but a name which has been under pressure since early 2018 when it traded as high as \$38. The \$16.27B company trades 6.5X EV/EBITDA vs peers at 8X, 1X sales, and 17X cash. The company sees 2019 as a transition year before returning to positive growth in FY20. The company reached a deal last year to sell \$21.8B in German and Eastern European assets to Vodafone which will give the latter a more competitive position against peer Deutsche Telekom. The deal's review process has been extended with the EU likely looking for more concessions from VOD and expected to wrap mid-year. LBTYA plans to use the more than \$12B in cash proceeds on share buybacks, paying down debt, and potential M&A. The company has said they would pursue more 'shareholder friendly' actions with the cash. The New Liberty will retain its leading UK Virgin Media business, their premier asset, and positions in three other markets including Belgium. Analysts have an average target for shares of \$38 with 9 buy ratings, 2 hold ratings, and 2 sell ratings. UBS upgraded to Buy late in 2018 with a \$33.50 PT seeing the New Co's growth as being underestimated. In May, President and CEO Michael Fries bought 100,000 shares at \$28.91, a sizable investment in the stock. Short interest is 0.7% and near multi-year lows. Hedge Fund ownership rose 4.8% last quarter. Baupost, Farallon, and Bridgewater notable buyers of stock last quarter. Point72 a buyer of call options.

Hawk Vision:



Trading Strategy: LBTYA is starting to trigger a trend breakout and accumulation into this base is promising. It's not the most exciting of names in options, but can be traded versus \$20 level.

Confidence Ranking: \$\$