



## T-Mobile Bulls Staying Active into Gap Fill

**Ticker/Price:** TMUS (\$91.25)

### Analysis:

**T-Mobile (TMUS)** with 1,295 January \$90 puts sold to open today \$9.40 down to \$8.50, sizable at-the-money position seeing confidence in Friday's lows. TMUS saw some size ITM call buys on Friday including 1,000 April \$80 and 1,300 April \$85 strikes while the May \$87.50 calls, March \$95 calls, and March \$100 calls also with size buys over the last month. TMUS shares jumped up to around \$100 mid-month as they inch closer to the Sprint deal closing and have now pulled back to nearly back-test the big previous range. Shares have room back up to the February highs back above \$92.50 and long term measured move up to \$125. The \$78.2B company trades 16.6X earnings and 1.75X sales with the best churn rates and sub adds in the industry topping 1.9M total last quarter. TMUS is guiding to 20% EPS growth in both FY21 and FY22 with revenues topping \$52B after the deal close on 4/1. The deal also gives TMUS a big portfolio of spectrum rights from Sprint and they'll be the first major carrier with ownership across all three of the most important small-wave 5G bands, an advantage in the rush to get nationwide 5G out. Short interest is 1.4%. Hedge fund ownership rose 3% in Q4, Wellington and Zimmer Partners notable new adds. Analysts have an average target for shares of \$98.50. Argus with a \$103 PT on 2-12 and positive on their portfolio shuffle. The firm thinks giving up Sprint's prepaid businesses and some spectrum to Dish (DISH) is a good deal, and the merger should improve the company's competitive position to peers like VZ and T. Sun Trust with a \$100 PT and noting that the NewCo should see tail-winds of the 600Mhz deployment as well as the launch of 5G this year.

### Hawk Vision:



**Hawk's Perspective:** TMUS has long been the best-in-class Telecom name and continues to be our preferred name in the group, Friday's candle a nice one to trade against.

**Confidence Ranking:** \$\$