



FEATURED OPTIONS RADAR REPORT



Verizon Bulls Expect Bounce-back Following C-Band Auction, 5G Growth Ahead

Ticker/Price: VZ (\$55)

Analysis:

Verizon (VZ) with 4,000 June \$52.50 calls bought \$3.90 to \$4 range into early weakness and now above 7,200 on the morning. Today's flow follows buyers in the September \$57.50 and \$60 calls recently and still has sizable open interest at the January 2023 \$57.50 and \$60 calls as well. Shares pulled back to \$54 and key support from June 2020 and now working on a multi-month range. VZ failed to get back above the \$57 level and VWAP from the December highs but a break back above has room to \$60 and then longer-term focus on a big monthly breakout above \$62. The \$229.7B company trades 10.75X earnings, 1.8X sales, and 10.4X cash with a 4.5% yield. VZ is targeting accelerating EPS growth over the next two years with revenue growth around 1-2% but accelerating to 3%+ afterwards. VZ was the big spender last week in the C-band auction with over \$45B pledged and they noted at their analyst day last week they expect to the move to position them much better to execute on their long-term 5G strategy. The company now sees significant revenue opportunities from verticals like home broadband, fixed wireless access, mobile edge compute and many more.

Analysts have an average target for shares of \$62 with a Street High \$70. JP Morgan positive last week after their Investor Day and a lot of positives around 5G but thinks the big catalyst higher could be later this year with revenue and sub growth starts to show up. Scotiabank cutting to Neutral in late February as the higher spending on spectrum raises questions around their debt load. Short interest is 1.15%. Hedge fund ownership fell 9.25% in Q4, Berkshire Hathaway the big buyer of a new 146M share position. In February 2020, a director bought \$1M in stock right around current levels at \$53.47.

Hawk Vision:



Hawk's Perspective: VZ is a value/yield name at these levels and offers nice risk/reward vs the recent lows for a turnaround back towards \$60

Confidence Ranking: \$\$