



FEATURED OPTIONS RADAR REPORT



Large Put Sale Sees Value in Small Cap Broadband Provider after Transformation

Ticker/Price: WOW (\$21.10)

WideOpenWest (WOW) with an unusual trade on 1/5 as 2000 August \$22.50 ITM puts sold to open for \$3.50, a name with 1500 May \$20 puts sold to open on 10/20 and also has short February \$20 calls 1350X and May \$22.50 calls 1500X in OI. WOW shares have been in a defined range for months and holding up well near multi-month highs with a move above \$21.60 key to breaking out of this two point value zone. WOW is a leading broadband services provider offering high-speed data, cable television, and digital telephony services to residential customers and offers a full range of products and services to business customers. Its footprint covers certain suburban areas within the states of Alabama, Florida, Georgia, Illinois, Indiana, Maryland, Michigan, Ohio, South Carolina and Tennessee. WOW has transformed via its Broadband First plan to meet customer demand and grow margins while paying down debt and getting leverage down to 2.6X from 4.8X. WOW's HSD revenue growth is driving Adjusted EBITDA and FCF and it launched an IP-based WOW! Tv+ service that partnered with multiple streaming services. WOW has plans to continue to expand its footprint into new markets. WOW has a market cap of \$1.84B and trades 31.65X Earnings, 7.6X EBITDA and 22.55X FCF with its 2021-2025 target CAGR for HSD revenue growth at 9-10%. Analysts have an average target of \$26.50 and short interest is low at 2.6% of the float. KeyBanc raised its target to \$26 in July seeing potential for WOW to reach high-40% EBITDA margins as the business mix shifts to broadband the next few years. B. Riley with a \$30 target after WOW's transformational deal to divest five legacy markets and sees value in the rural broadband strategy with lower leverage, more greenfield builds and the edge-out campaign.

Hawk Vision:



Hawk's Perspective: WOW was a small cap that screened well and the transformation is likely being overlooked by most market participants. It's a solid small cap own with the improving margin profile and steady growth.

Confidence Ranking: \$\$