# Christmas Ideas for 2019: Honorable Mentions $CHTR $GLIBA $IAC $MSG $MEIP $GAPFF $CVI $I

In yesterday's post, I introduced my Christmas Ideas for 2019 series (I wrote it early morning and somehow managed to misspell Christmas in the title; a misspelling that will live in infamy on twitter for the rest of time). Today I wanted to run through some "honorable mention" ideas that I thought about profiling for the series but ultimately passed on.

- CHTR / GLIBA / LBRDA (disclosure: long all)
  - Why did I almost profile them? 2019 should be a great year for Charter. The integration of the TWC / BH mergers should be behind them, leading to a huge dropoff in capex and a corresponding massive increase in free cash flow. That free cash flow will likely be used to retire a boatload of shares, and the company's nascent wireless rollout should begin to gain stem. Potential additional upside from the T-Mobile / Sprint deal (perhaps TMUS gives them a favorable MVNO agreement to gain regulatory approval, or maybe the deal falls apart and CHTR buys Sprint in distress for a song). GLIBA and LBRDA will pass the one year mark on the GLIBA / GCI merger, which could pave the way for the two of them to merge. A merger would cut duplicative overhead and could help shrink the combined companies' NAV discount as well as serving as the first step to an eventual GLIBA / CHTR merger.
  - Why did I decide not to write them up? I talk

about Charter on the blog constantly (including just last week!) and figured I'd present (Christmas gift pun still intended) something new. It's not exactly a secret that CHTR's integration will finish / capex will decline significantly in 2019; the company talks about it basically every chance they get. I know some people who think that GLIBA / LBRDA will merge into each other literally the second the one year safe harbor passes, but I wouldn't be surprised if they waited one more year just to be safe.

- MSG (disclosure: long)
  - Why did I almost profile them? They should complete their spin-off of the Sports Teams from the Entertainment side next year, and the stock continues to trade well below NAV. There's an outside chance the Knicks land a true superstar this off-season (if they did land one, it would likely be Kevin Durant), and if they did the Knicks would become instant title contenders and the stock would likely perform extremely well as the market starts pricing in improved team performance, advertising dollars, pricing power, etc. (Bonus: in this scenario, MSGN ratings and advertising pricing would likely go through the roof as well); alternatively, the Knicks' sad-sack status for this season could result in them getting a really high draft pick and landing a superstar to pair with a nice young core (when KP comes back). A bonanza scenario would see the Knicks get a high draft pick plus land KD. Sports betting will likely be legalized in New York in the near future, which will provide additional advertising dollars and fan engagement. (Don't sleep on sports betting; betting's been legal for just 5.5 months in New Jersey and the state has already done almost $1B in total bets, with

November marking (by far) Jersey's best month to date. Yes, Jersey probably benefits a bit from people who live in neighboring states "crossing the border" to make a bet, but those are still huge numbers, and given the potential tax revenue I doubt New York is going to resist legalizing sports betting for long. And, as those numbers show, the demand for sports betting is huge, which should drive significant advertising revenues and user engagement)

    - Why did I decide not to write them up? Similar to Charter, I talk about MSG frequently and wanted to explore some new territory. The Rangers are currently out of the playoffs, and the Knicks are borderline awful, which makes me sad.
- IAC (disclosure: long)
    - Why did I almost profile them? Despite a great run since I first wrote them up last year, IAC continues to trade at a large discount to its NAV (at today's prices, investors buying IAC pay slightly less than the market price of IAC's Match and ANGI stakes and get all of IAC's cash and very valuable owned segments for free). At the UBS conference earlier this month, IAC used the entire presentation to highlight Vimeo, which gives me flashbacks to 2016 when IAC did the same thing with HomeAdvisor just months before they merged HomeAdvisor with ANGI and created massive shareholder value. Match (which IAC controls) just paid a special dividend; there are a lot of potential reasons that IAC would want Match to pay a special dividend (including IAC taking cash out MTCH tax free before fully spinning them off, IAC prepping for some type of acquisition, or IAC preparing to get more aggressive with their share repurchases), but all of them would be pretty positive for shareholders if you believe that

    IAC's management is skilled and focused on creating shareholder value (which I do!).
    - Why did I decide not to write them up? Aside from the increased Vimeo focus and the Match dividend, I didn't have much to add to last year's article.
- MEIP (disclosure: long; I wrote them up here)
    - Why did I almost profile them? MEIP's market cap is <$200m and their EV is <$100m. The company just signed a license agreement for one of their drugs in just Japan that brought in a $10m upfront payment plus royalties. If someone would pay $10m for the rights to that drug in just Japan, I would guess the rights to that drug in the Europe plus U.S. are worth at least $100m, implying the rights to this single drug are worth around MEIP's entire Enterprise Value today. That drug isn't even the drug in MEIP's portfolio I'm most excited about (that remains their cancer drug, Pracinostat). The company has made a slew of announcements recently (here, here, here) which seemed reasonably positive to me, yet the market has yawned.
    - Why did I decide not to write them up? I haven't had much success investing in biopharm and I don't think I bring any particular edge to analyzing the prospects for MEIP's drugs, so I figured I'd mention it here and discuss separately with anyone interested but didn't want to commit to a full write up.
- GAPFF (disclosure: long)
    - Why did I almost profile them? Things have gone well for GAPFF / Aimia since I posted my case study on them, but the share price has actually drifted down a bit. With the sale of Aeroplan to Air Canada pending, I tend to agree with Mittleman that the sum of the parts for the remaining company is significantly higher than today's share price.

    - Why did I decide not to write them up? While I think the SOTP for Aimia is higher than today's share price, I'm well below where Mittleman is pitching. I'm worried about the price they can get for their PLM stake. The history of value destruction from the company and the non-Mittleman board of directors is astonishing.
- NRE (disclosure: long)
    - Why did I decide not to write them up? I wrote them up literally one week before I decided to do this series. In hindsight, I wish I had saved them for this series / I would include them if I hadn't just written them up. (PS they closed on the Trianon sale last night, which eliminates the risk that deal fell through / turns a significant piece of the company into a cash balance!)
- CVI (disclosure: long)
    - Why did I decide not to write them up? Similar to NRE, I think CVI would be a perfect candidate for this series, but I wrote them up less than three months ago. Between that write up and my update in September and October, I don't really have a ton to add.... well, except for this filing in November that CVI is thinking about exercising the CVRR call option, which is wholly consistent with him prepping for a sale. All the stars are aligned for CVI to sell itself in the next year.
- I and MITK (disclosure: long both)
    - Why did I almost profile them? Both were excellently profiled elsewhere (Intelsat here and Mitek here), and I think both have really interesting risk rewards heading in to next year (Intelsat from a successful C-Band auction; MITK from running a full auction process).
    - Why did I decide not to write them up? Both were excellently profiled elsewhere and I didn't have a ton to add. Intelsat's stock has run up

significantly, and at these levels I'm starting to worry the market is pricing in too high a chance of a successful conclusion and not accounting for some of the tail-risks (the government capping how much of a windfall profit Intelsat can get for their C-Band, the government taking some of the auction proceeds for themselves, the government structuring the auction in a way that limits scarcity premium (i.e. if you're Intelsat and you're selling C-Band, the ideal structure is probably to sell it all as one block so that every wireless company is willing to pay through the nose for the block since it would be such a competitive advantage. Your nightmare scenario is the government makes you cut it up into enough blocks that each wireless carrier can easily bid on one, so no one fears missing out on the auction and no one pays any scarcity premium. Indeed, this is what it seem AT&T is proposing* in their comments filed last night- split the C-band into ~4 different blocks, which would effectively allow each wireless operator to have their own)).

  - *I'll note I only flipped through the AT&T replies late last night while I was a bit bleary eyed, so it's more than possible I'm missing something on them or in some of the other filings. I really only pay attention to Verizon, AT&T, Charter, and the C-Band Alliance filings here since I tend to think everyone else is too conflicted or too small to really move the needle at the FCC or make much sense. I've printed out all of those and plan to read them on the train home tonight; if you're an avid C-Band watcher and pick up something in them / want to talk, I'd love to swap notes