



TWTR, UBER, Z, DIS, NET

Twitter (TWTR) will report results 2/9 after the close with the Street looking for \$0.31 EPS and \$1.19B in Revenues (+17.8%) with Q1/FY21 seen at \$0.16/\$965M and \$0.91/\$4.43B. TWTR shares have alternated green/red closes the last seven quarters, red last quarter down 21%, and an average six quarter max move of 15.3%. The \$45B social media leader trades 62.7X Earnings, 9.3X FY21 EV/Sales with revenues seen rising 22.5% in 2021. TWTR should see momentum from a recovering advertising market and improving execution while it continues to improve its platform as well as introduce new products and potential revenue streams. TWTR recently bought Revue. Analysts have an average target of \$48 and short interest is 3% of the float, down 28% Q/Q. JPM upgraded in December saying TWTR will show the biggest rebound given its sharper pandemic-driven ad decline, along with revenue prioritization throughout the company, early benefits from rebuilt ad tech through the new Ad Server and rollout of Map 2.0, and increases in both advertiser count and ad load. TWTR will also be hosting an Analyst Day on 2-25 as an additional catalyst and activists are pressuring the company to pursue buybacks. KeyBanc upgraded to Overweight with a \$65 target last week seeing company growing pains nearing an end and sees potential for \$5.7B 2022 revenues, 10% above consensus. MKM upgraded to Buy with a \$60 target on 1/13 seeing headwinds fading into 2021. Hedge Fund ownership jumped 6% in the latest quarterly filings, Aristotle adding to its position and Elliott and Appaloosa top holders. On the chart TWTR has bounced hard the last three weeks to take out recent highs with \$62 a potential upside target as the 1.618 Fibonacci extension. On weakness support levels are likely at \$54 and \$50. TWTR options are pricing in a 10.8% earnings move with 30-day IV Skew bullish inverted at -4.1% and comparing to a +1.4% 52-week average. TTWR flows have recently bought July \$75 calls to open, February \$60 calls to open, and June \$60 calls to open while put sales active at September \$50 and \$45 strikes and March \$50.

Trade to Consider: Long **TWTR** March \$60/\$65 Call Spreads at \$1.45 Debit



Uber (UBER) will announce earnings 2/10 after the close with the Street looking for (\$0.55) EPS and \$3.57B in Revenues (-12.3%) and Q/1FY21 seen at (\$0.55)/\$3.875B and (\$1.51)/\$17.52B. UBER shares have closed higher three of its last four reports with a six quarter average max move of 8.8%. The \$107B mobility leader is trading 6.3X FY21 EV/Sales with revenues seen rising 42% in 2021 and 30% in 2022 and seen EBITDA positive in 2022. UBER's core ride hailing business was hit hard by COVID but will face easy comps in 2021 as large portions of the population are vaccinated and it has become a top player in food delivery while having opportunities in other adjacent delivering markets. UBER announces a \$1.1B deal last week for Drizly to pursue on-demand alcohol delivery. Analysts have an average target of \$58 and short interest is at 4% of the float. Stifel raised its target to \$65 last week seeing the company's local on-demand strategy becoming more clear. MSCO positive on 1/28 highlighting three reasons to be bullish in 2021, the removal of \$1B in operating expenses, tailwind to rideshare business into 2022, and an undervalued Uber Eats segment. Deutsche Bank has an \$80 target and sees UBER a top pick for 2021 and sees meaningfully higher margins at the delivery business. Hedge Fund ownership fell modestly in the latest quarter filings, Altimeter a concentrated position and Jackson Square, Tiger Globla, and Coatue top holders. On the chart UBER shares broke out of a range to near record highs last week, the 21-week moving average holding firm on the recent sell-off. Shares have some resistance near \$60 and the next upside target is up at \$68 though nearing potential channel resistance and could pull back some with \$55 and \$53 levels of interest to buy a dip. UBER options are pricing in a 6.25% earnings move and 30-day IV Skew at -0.1% compares to the +3.9% 52-week average. UBER is a name that has seen sizable bull flows that started in December, the March \$55 calls bought 33,000X and the \$60 calls now with over 50,000 in OI. We recently had a large buy of 3500 January \$85 calls.

Trade to Consider: Long the **UBER** February/March \$60 Call Calendar Spreads at \$1.60 Debit



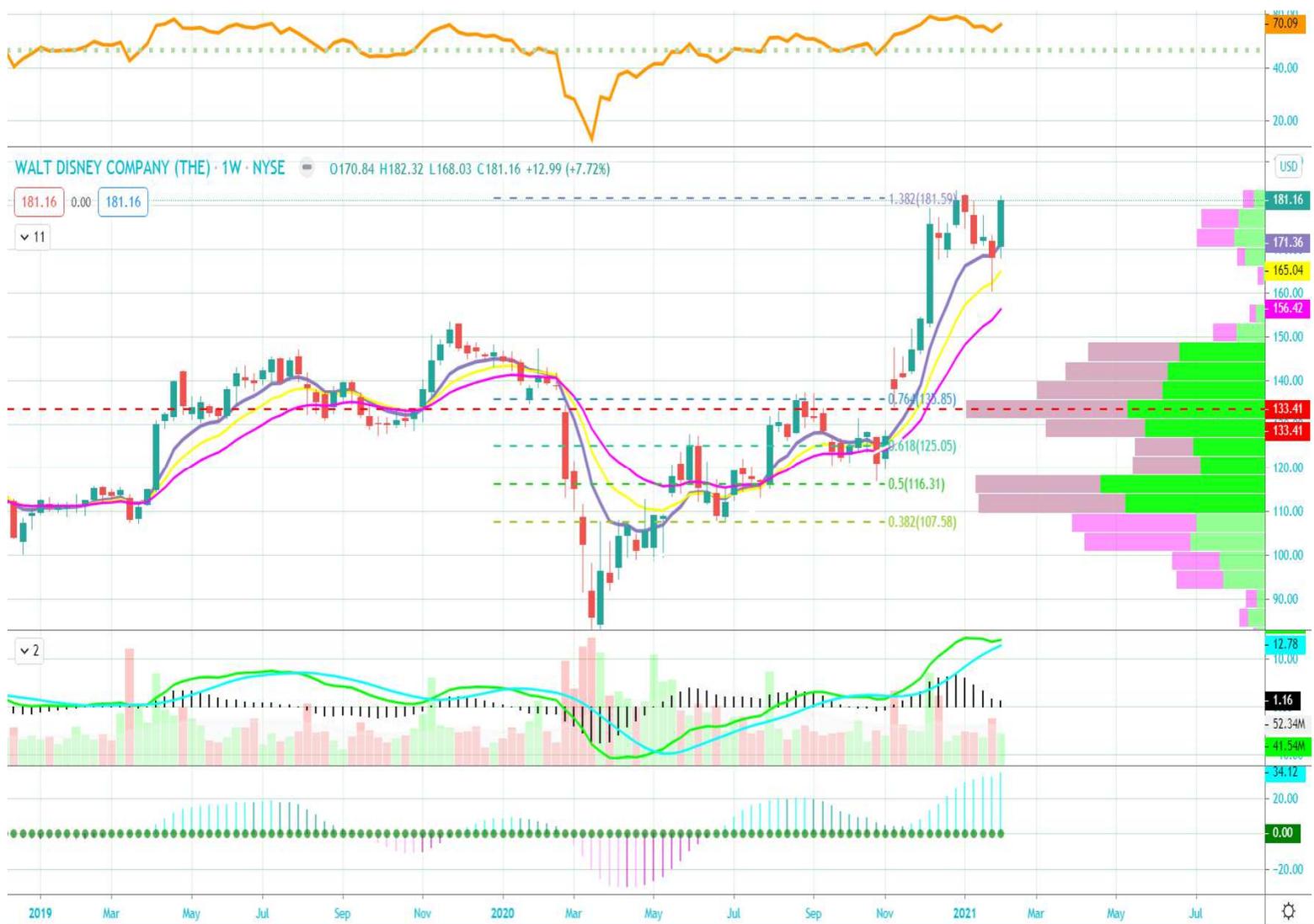
Zillow (Z) is expected to announce quarterly results 2/10 after the close with the Street forecast at \$0.27 EPSs and \$740.5M in Revenues (-21.5%) with Q1/FY21 seen at \$0.07/\$891M and \$0.41/\$4.78B. Z shares have closed sharply higher the last five reports, a six quarter average max move of 18.4%. The \$26B digital real estate leader trades 7.4X FY21 EV/Sales with revenues seen rising 45.5% in 2021 and EBITDA seen jumping 22%. Zillow has expanded into the Home Buying market via iBuyer where it competes with new start-ups like Opendoor and there is significant potential to scale-up and expand margins. The digital transformation of the real estate market remains in the early stages and Z has a strong position to capitalize. Z is in the early stages of monetization streams in mortgage, homes, and other services. Analysts have an average target of \$146 and short interest is elevated at 17.8% of the float. Goldman raised shares to Buy last week with a \$200 target citing growth acceleration in the real estate environment and sees meaningful share gains for its premier agent business. Needham raised its target to \$175 citing positive checks across fifteen key markets and notes Z is a core holding. Truist positive as well citing a strong 2021 housing market with strength in pricing, low inventory, low rates and higher home values. Hedge Fund ownership surged 35% in the latest quarterly filings, ARK Investment a top new buyer. On the chart Z shares remain in a strong rising channel trend though hit the upper boundary last week when record highs were reached. Shares could use a dip with \$143 and \$130 potential support. Z options are pricing in a 9.5% earnings move with 30-day IV Skew at 0 comparing to the +3.8 52-week average. Z has been a favorite of large opening put sales out in January 2022 and 2023 as high as the \$130 strike. Z still has a 5000 contract February \$140 call position bought on 1/7 in OI.

Trade to Consider: Sell the **Z** February \$175/\$180 Call Spreads and \$140/\$135 Put Spreads for a \$2.25 Credit (Iron Condors)



Disney (DIS) will release earnings 2/11 after the close with the Street view at (\$0.42) EPS and \$15.9B in Revenues (-23.7%) and Q2/FY21 seen at \$0.21/\$16.5B and \$1.51/\$70B. DIS shares have closed higher the last two reports after being lower five of the prior six, a six quarter average max move of 6%. The \$327B entertainment leader is trading 38.3X Earnings, 5X Sales and 3.95X Book with COVID hurting its core theme park and cable businesses in 2020 but seen as a top recovery play while investor focus has been on the strong rollout of its streaming product Disney+. DIS is transforming with 2021 an investment year, EBITDA seen down 12%, but seen rising 75% in 2022, and revenue growth forecasts of 7% in 2021 and 23.6% in 2022 with 2H comps very easy in 2021. DIS streaming success is here to stay and a long-term growth driver while pent-up travel demand will provide a strong tailwind for its other businesses later this year. Analysts have an average target of \$185 and short interest is minimal at 1% of the float. UBS upgraded to Buy on 1/22 with a \$200 target seeing Disney+ achieving scale by 2024 and better unit economics over time. Argus on 1/21 upped its target to \$200. Citi raised its target to \$205 on 1/14. Hedge Fund ownership jumped 6% in the latest quarterly filings, Lindsell train a notable top holder and Matrix Capital added a lot to its position. On the chart DIS shares are starting to work out of a weekly consolidation flag with potential to make a run to \$200. Support on weakness seen at \$162.5 and \$165 levels. DIS options are pricing in a 3.85% earnings move and 30-day IV Skew at +1.8 compares to the +4.1 52-week average. DIS option flows have been very bullish for months now, notable recent trades include opening sales in April \$145 and July \$140 puts, size buys in April \$190 calls, May \$170 calls, and April \$175 calls. On 12/28 a trade bought 10,000 April \$160 calls that remain in OI.

Trade to Consider: Long the **DIS** March \$185/\$200/\$210 Unbalanced Call Butterfly at \$2.90 Debit



Cloudflare (NET) will post earnings 2/11 after the bell with the Street expecting (\$0.03) EPS and \$118.4M in Revenues (+41%) and Q1/FY21 seen at (\$0.03)/\$125.8M and (\$0.09)/\$567.5M. NET shares closed higher last quarter after being lower its previous three reports, an average max move over its five reports of 11.5%. The \$25.5B leader in edge computing trades at a premium valuation of 45X FY21 EV/Sales with revenues seen growing 34% in 2021 and 30% in 2022. NET's addressable market of \$32B in 2019 is seen expanding to \$62B in 2023. NET is a leader in the edge computing / CDN theme which has seen growth ramp quickly over the last year as more importance is put on digital services and infrastructure. NET has a superior product to peers given their low read-error rates, faster processing and flexibility. They have plenty of opportunity to win share in the \$47B TAM with tailwinds from 5G, IoT, and remote work and 2021 the priorities shift into expanding partnerships, new products, and extending their serverless platform strategy into a new class of applications and market opportunities. Analysts have an average target of \$81 and short interest elevated at 6% of the float. Jefferies last week calling NET a top idea in Software seeing elevated growth for many years ahead noting NET is currently capturing less than 1% of its market opportunity which leaves massive upside potential. RBC raised its target to \$85 on 1/19 expecting strong results. KeyBanc initiated shares Overweight in December with an \$87 target, citing the beginning of a multiyear campaign to reinvent core Infrastructure as a Service with a platform addressing \$69B in TAM including Workers, a Serverless product likely to become a core competitor to AWS (AMZN) Lambda. Hedge Fund ownership surged 70% in the latest quarterly filings, Gilder Gagnon Howe a notable top holder. On the chart NET shares are looking to clear a nice bull flag on the weekly that measures to an upside target at \$105. Shares have support at \$81 and \$77 levels on weakness. NET options are pricing in a 6.6% earnings move and 30-day IV Skew at -0.1% compares to the -1.6% 52-week average. NET has seen 10,000 February \$95 calls accumulate in open interest from buyer flow and even 3500 February \$120 far OTM calls bought while the \$85 calls with 5000 in OI. In January 2022 the \$70 puts have sold to open 6000X. The July \$80 calls have 3500 in OI from a buyer on 11/9 and May \$90 calls with 3400X.

Trade to Consider: Long the **NET** February \$85 Straddle at \$10



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