Earnings Snapshots 1/29/2024

GOOGL, MSFT, AMD, AMZN, AAPL, META

TICKER	COMPANY	1-YEAR CHANGE	MKT CAP	EV/SALES FY2	EV/EBITDA NTM	EBITDA CAGR	REV CAGR	EBITDA MARGIN	EBTIDA MARGIN DELTA	REV. EST. CHANGE	EBITDA EST. CHANGE	ROIC	FCF MARGIN	DEBT TO EBITDA	FCF TO EBITDA	OCF TO SALES	CAPEX OF SALES
AAPL	Apple Inc	33.66%	2,975,178	7.0x	22.0x	6%	4%	32.83%	0.73%	-4%	0%	59.34%	25.98%	0.9x	0.79	0.28	2.86%
AMD	Advanced Micro	135.83%	286,347	10.6x	42.8x	36%	18%	29.54%	3.69%	-5%	-13%	19.09%	13.20%	0.2x	0.45	(0.01)	1.91%
AMZN	Amazon.com Inc	60.37%	1,644,351	2.6x	13.8x	19%	11%	14.60%	3.70%	2%	15%	(0.24%)	(3.29%)	1.1x	(0.23)	0.14	12.38%
GOOGL	Alphabet Inc	56.06%	1,913,936	5.2x	13.2x	15%	11%	38.94%	2.80%	1%	5%	24.24%	21.22%	0.1x	0.54	0.34	11.13%
META	Meta Platforms Inc	167.58%	1,012,885	6.4x	11.7x	18%	13%	42.55%	-0.84%	8%		20.13%	16.33%	0.1x	0.38	0.52	26.95%
MSFT	Microsoft Corp	62.87%	3,002,113	10.6x	22.7x	18%	15%	48.31%	2.19%	4%	5%	23.43%	28.07%	0.6x	0.58	0.39	13.26%
Average		86.06%	1,805,802	7.1x	21.0x	19%	12%	34.46%	2.04%	1%	3%	24.33%	16.92%	0.5x	0.42	0.28	11.42%

Alphabet (GOOGL) will report results 1/30 after the close with the Street looking for $1.59 EPS and $85.33B in Revenues (+12.2%) while Q1/FY24 seen at $1.49/$78.53B and $6.70/$340.5B implying 2024 revenue growth of 11.3% and EPS growth of 16.7%. GOOGL shares have closed lower after reporting four of the last five and a six-quarter average max move of 7%. Google continues to see strength from improving digital advertising budgets as the leader in search but faces a much more volatile environment with some companies cutting back on spending, while also a leading media play with YouTube's success and the cloud business has been a recent standout. Alphabet has outlined several initiatives to continue to build out its capabilities around shopping/commerce and creators. GOOGL's full integration of Bard into search is an important next step to showcase GOOGL's leading multi-year AI research and development. Traders will also eye the Capex number for expenses discipline expected to be $40B+ in 2024. GOOGL has a market cap of $1.9 trillion and trades 22.75X Earnings, 13.2X EBITDA, 6.4X Sales and 24.55X FCF with a rock-slid balance sheet. Apple's default browser changes could positively affect EU Chrome adoption and reduce GOOGL's TAC payments. AI tools driving incremental ad spend, and linear video spend shift to YouTube & FX are the major tailwinds into the quarter. Analysts have an average target of $156 with short interest low at less than 1% of the float. BAML notes 4Q positives could include: 1) Search upside offsetting AI concerns, 2) Positive outlook for Gemini & Gen-AI integration into search (SGE, Bard), 3) Improving traffic and rev. acceleration trends at YouTube from Shorts monetization and writers' strike, and 4) Cloud "recovery" from 3Q (3Q backlog grew a solid $4.3bn q/q). 4Q risks include: 1) Macro and competitive pressures that limit search rev acceleration vs peers, 2) Higher than expected expenses (1x legal, DTV and R&D bonus accruals), and 3) Indications of growing Capex or OpEx for new AI investments. OpCo raised its target to $180 last week while Evercore put on Tactical Underperform list into results. On the chart, GOOGL has made a big run to start 2024 though just starting to clear the 2021 highs putting Fibonacci extension targets at $167 and $177 in play. On weakness, $148.5 first level to watch at the 8-MA followed by a breakout retest at $142.65 aligning with the 21-MA. The $137 level is a key long-term VPOC support. GOOGL options are pricing in an earnings move of 5% and 30-day IV Skew at +1.2 compares to the 52-week average of +2.5. GOOGL put/call open interest is at the 84th percentile and average IV30 crush is -22.6%. GOOGL saw some large bull synthetics trade last week and also April $135 and $130 put sales and overall flow positioning screens very bullish.

Trade to Consider: Long **GOOGL** February 2nd (W) $152.5/$160 Call Spreads at $2.75 Debit

Microsoft (MSFT) will announce earnings 1/30 after the close with the Street view at $2.78 EPS and $61.1B in Revenues (+15.8%) while Q3/FY24 seen at $2.64/$60.9B and $11.27/$243.5B implying 15% EPS and Revenue growth in 2024. MSFT shares have closed lower on earnings three of the last five after being higher the four prior, a six-quarter average max move of 6.45%. Microsoft continues to represent a rare combination of strong secular positioning and reasonable profitability-based valuation within the software space. Server Products and Windows OEM growth normalization are headwinds, but MSFT remains positioned well in leading IT budget categories and continues to expand margins. Microsoft is well positioned to double its $60B+ commercial cloud business (Azure, Office 365, Dynamics, and LinkedIn Commercial) and Office 365 could potentially double its installed base from 255mn+ to 500mn given the massive number of knowledge workers worldwide. Alignment to key secular trends and benefits from vendor consolidation point to continued share gains. The recently released Microsoft 365 Copilot pricing and FY24 Capex will be in focus. Azure checks are showing stronger new bookings trends & growing AI tailwinds. MSFT sets up better with easier comps in 2H24 along with a bottoming PC environment. MSFT has a $3 trillion market cap and trades 31X Earnings, 24X EBITDA, 12.1X EV/Sales and 47.5X FCF. Expect management to reiterate expectations for flat YoY operating margins for FY24. Expect currency to provide a 2% point tailwind to Q2 growth. Analysts have an average target of $425 and short interest is low at 0.5% of the float. MSCO survey work and channel conversations suggest Microsoft's strong positioning for GenAI getting even stronger into CY24. However, investors looking for confirming data points quantifying the contribution of GenAI in results may be disappointed in the upcoming Q2 print. Strong positioning against key secular themes within software, against a backdrop of improving overall IT spending within a well executing Microsoft frames the equation for durable high-teens EPS growth ahead. BAML says Microsoft represents a solid reacceleration story in 2024. Accelerating ASP growth from M365 Copilot attach is likely to drive Office growth toward 20%. For Azure, growing contribution from AI workloads and an improving macro are likely to drive accelerating new workload and revenue growth from the current 26.5% cc forecast. Stifel raised its target to $430 last week after read-throughs from ESTC, SNOW, MDB on consumption along with 365 momentum and CoPilot upside. Deutsche Bank raised its target to $450 positive on stabilizing PC demand in Q4. On the chart, MSFT is quite overbought on multiple timeframes and a dip would likely target $380 as a retest level while $371 a key VPOC support. MSFT has already cleared key Fibonacci extensions with the 1.618% remaining at $433 as an upside target. MSFT options are pricing in an earnings move of 4.2% and 30-day IV Skew at +1.3 compares to the +2.7 52-week average. MSFT's put/call open interest ratio is at the 95th percentile and average IV30 crush is -20.5%. MSFT sees a ton of daily trades and the 1/8 buyer of 30,000 March $350 calls in an adjustment is +91% and remains in OI while has some short March $410 calls in OI along with bought $410 puts in a synthetic on 1/23. The Feb. 9th (W) $400 puts bought 8970X on 1/23 and 1/24 as well.

Trade to Consider: Long **MSFT** February $400/$380/$360 Put Butterfly at $3.70 Debit

Advanced Micro (AMD) will report earnings 1/30 after the close with the Street consensus at $0.77 EPS and $6.12B in Revenues (+9.3%) and Q1/FY24 seen at $0.67/$5.73B and $3.88/$26.79B implying 2024 EPS growth of 46% and Revenue growth of 18.3%, a sharp acceleration Y/Y. AMD shares surged nearly 10% on results last quarter after closing lower four of the prior five reports, a six quarter average max move of 9.15%. AMD is a fabless semiconductor company that designs CPUs, GPUs, and custom ICs for a variety of end-markets, generally focused on consumer, enterprise, and data center applications. The company operates several segments: Computing & Graphics; Enterprise, Embedded, and Semi-Custom; and Adaptive Computing (Xilinx business). Data center plus Xilinx products now make up approximately 50% of gross profit dollars, and with strong share gain potential for both. AMD increased its AI accelerator TAM outlook to $150B+ in 2027 vs. $64B in 2025 prior, as compared to $30B in 2023. AMD stands to be a major beneficiary and share gainer as it relates to generative AI. AMD officially launched its Instinct MI300X Data Center GPU targeted for AI/ML workloads which has been the recent focus. AMD has a $286B market cap and trades 45.4X Earnings, 10.4X EV/Sales and 215X FCF. AMD has faced some of the biggest headwinds in history in PCs, then servers, now programmable logic but the focus is shifting to Data Center and AI. Analysts have an average target of $157.5 and short interest is at 2.6% of the float, rising 25.8% Q/Q. Stifel raised its target to $200 last week with upside from MI300 likely through 2024. Cantor started shares Overweight with a $190 target last week. On the chart, AMD shares hit fresh highs last week with $206.20 a 1.382% Fibonacci extension target and $190 the 1.236%. AMD is overbought on multiple timeframes and a dip would likely target 21-MA support near $155 and then retest upper value at $146. AMD options are pricing in an 8% earnings move and 30-day IV Skew at -2.8 is bullish inverted and compares to the +1.6 52-week average. AMD put/call open interest ratio is at the 89th percentile and average IV30 crush is -16.5%. AMD recently saw some size sales at $185 call strikes in March and May but has also seen plenty of upside action. The February $140 and $150 calls have monster gains in OI and March $200 calls with 10,000X bought in OI.

Trade to Consider: Long **AMD** February/March $160 Put Calendar Spreads at $2.95 Debit

Amazon (AMZN) will release results 2/1 after the close with the Street seeing $0.80 EPS and $166.17B in Revenues (+11.4%) while Q1/FY24 seen at $0.71/$142.13B and $3.63/$635.83B implying 2024 EPS growth of 35% and Revenue growth of 11.4%. AMZN shares have closed sharply higher on results the last two reports after being lower the previous three and a six-quarter average max move of 9.8%. Amazon continues to have a massive retail business that faces headwinds of slowing consumer spending and rising costs but the focus remains on AWS, a behemoth in cloud which continues to scale and see increased spending. AMZN also has a massive opportunity in Advertising and has been making moves into Healthcare. AWS expectations seem reasonable heading into a year where gen AI cloud costs could help drive an early reacceleration while Prime Video Ads a potential boost to the advertising businesses. AMZN has a market cap of $1.64 trillion and trades 43X Earnings, 2.8X EV/Sales, 15X EBITDA and 97X FCF. AWS (Amazon Web Service) growth is a top metric and the Street is at $24.2B. Lapping cost optimization and A.I. (artificial intelligence)-driven demand are key drivers for AWS. Microsoft Azure growth (reports 1/30) is likely to impact AWS expectations ahead of results as well. BAC aggregated credit and debit card data indicates eCommerce sales growth in 4Q was stable vs. 3Q while Street sees 1% deceleration. AMZN margin improvement will also be a key topic for the remainder of 2024. Analysts have an average target of $183 and short interest is low at less than 1% of the float. TAG raised its target to $185 on gains from faster fulfillment, a stabilization of AWS, and a greater focus on profits. Truist sees AWS growth of 13.5%, in line with consensus and a slight acceleration from Q2-Q3 levels of 12% as customers increasingly shift their focus away from cost optimization to new workload deployment. On the chart, AMZN shares remain well below 2021 highs with $164 a key VPOC upside target and plenty of former resistance up to $176. The $153 and $146.50 levels are key supports to watch on weakness. AMZN options are pricing in a 6% earnings move and 30-day IV Skew at +1.2 compares to the +2.8 52-week average. AMZN put/call open interest ratio is at the 72nd percentile and average IV30 crush is -27.9%. AMZN has a massive buy of 140,000 March $145 calls in open interest while also seen 29,000 Feb. 2nd (W) $165 calls bought. The June $190/$200 call spreads recently bought 20,000X and on 12/1 January 2026 $150 puts sold to open 6000X.

Trade to Consider: Long **AMZN** February/April $170 Call Calendar Spreads at $2.90 Debit

Apple (AAPL) will report results on 2/1 after the close with the Street looking for $2.10 EPS and $117.93B in Revenues (+0.7%) while Q2/FY24 seen at $1.57/$95.97B and $6.59/$396.22B implying 2024 EPS growth of 7.4% and Revenue growth of 3.4%. AAPL shares have closed lower the last two reports after being higher the prior four, a six-quarter average max move of 4.9%. Shares have closed higher three of the last four Q1 reports. Apple's industry-leading retention rates and expanding ecosystem of hardware and services has already created one of the world's most valuable technology platforms that centralizes and controls everything from traditional communication to entertainment, social media engagement, photo & video development, gaming, business, payments, travel, fitness, and more. Given Apple has stopped disclosing unit volumes for its products investors should be increasingly focused on ARPU trends. The Apple business model is shifting from one that maximizes hardware shipment growth to one that maximizes installed base monetization, underscored by increased services and installed base disclosures, and a move away from reporting units and ASPs. If Apple were to monetize advertising beyond the App Store, it could potentially be a $20B business by 2026. Apple enters a multi-year iPhone upgrade cycle driven by need for the latest hardware to enable Generative AI features to be introduced in 2024/2025. Services has been the key to growth as a higher margin mix and as the installed base continued to grow. Investor focus is shifting to the expected launch of Vision Pro in Feb 2024 and AI enabled iPhones in 2024/2025. Elevated buybacks and institutional under ownership should also provide support. AAPL has a market cap of $2.975 trillion and trades 26.95X Earnings, 22X EBITDA, 7.75X Sales and 29.9X FCF. The March quarter guide is expected to be weak at this point with this potentially being a clearing event. Recent outperformance reflects excitement around Apple's opportunity in 'Edge AI', as well as expectations for gross margin/Services resilience. Total revenue, Services growth, gross margin, China revenue, and Apple's updated device/iPhone installed base disclosures are the key metrics in focus. Analysts have an average target of $200 with short interest low at 0.66% of the float. BAML recently upgraded to Buy citing eight factors and raised iPhone and Services estimates. Goldman sees consolidated revenue growth accelerating in the second half of fiscal 2024 on App Store momentum, services price increases, and iPad and Mac refreshes. On the chart, AAPL pulled off $199 resistance and threatens to break monthly value at $192 which would set up for a retest of the $180 level with the 200MA at $182. The next target to the upside if $197 is cleared is $205 as the 1.382% Fibonacci extension. AAPL options are pricing in a 3% earnings move and 30-day IV Skew at +2.3 compares to the 52-week average of +3.7. AAPL put/call open interest ratio is at the 2nd percentile and average IV30 crush is -19.6%. AAPL has a large buy of March $205 calls in OI from 1/8 action that is up 65%. AAPL recently with 10K September $220 calls sold to open, 10K Dec. $190 puts sold to open and has seen 12,000 March $200 puts active with buyers in early December holding in OI.

Trade to Consider: Sell the **AAPL** March $205/$200/$180/$175 Iron Condor for $2.05 Credit

Meta Platforms (META) will post earnings 2/1 after the close with the Street view at $4.94 EPS and $39.11B in Revenues (+21.6%) while Q1/FY24 seen at $3.58/$33.74B and $17.57/$151.43B implying 2024 EPS growth of 22.2% and Revenue growth of 13.3%. META shares have closed higher on results three of the last four after being lower five of the six before that and a six-quarter average max move of 15.7%. Management sees the advertising business returning to better revenue growth with high margins and plans to use income to fund the growth of the Reality Labs business. The shift to short-form videos has been a drag on revenues due to less monetization that will eventually inflect positively. With two rounds of cost cuts already announced and behind us, the investment rationale now hinges on revenue growth outperformance. Meta seems to be garnering incremental ad spend share on the back of Advantage+. One of the key tailwinds for growth in 2023 is the lapping of tough comps on user engagement. The monetization ramp in WhatsApp, Messenger, and Reels is a reason for optimism. Engagement is growing with AI Content Discovery and Reels leading the way and monetization is improving. META expanded its AI partnership with MSFT and distribution through AWS & HuggingFace, which should drive more developer adoption, improve META's innovation feedback loop, and ultimately accelerate META's AI-based innovation on its core applications. META has a $1 trillion market cap and trades 22.25X Earnings, 12.2X EBITDA, 6.4X EV/Sales and 27X FCF. With a favorable macro backdrop for advertising, Reels contribution turning positive in 2024, a large messaging revenue ramp in progress, strong AI assets driving results, and still plenty of costs to cut if needed, the set-up for 2024 remains bright. There is a risk that revenue deceleration in 2024 will weigh on the stock. Analysts have an average target of $390 with short interest low at 1.22% of the float. BAML cites the following positives for META: 1) Early in Reels monetization cycle with upside potential, 2) New AI/ML integrations to boost usage and ad spend, 3) Strong AI & messaging assets and growing evidence that Meta is an AI beneficiary, 4) EPS upside on conservative expense outlook and cont'd cost discipline, 5) Improved competitive outlook vs TikTok with Instagram growth leading the sector, and 6) Constructive valuation at 14x P/E excluding Metaverse losses (vs S&P 18x). Citi raised its target to $440 as Reels tracker suggests Meta's Q4 advertising load expanding. Citi thinks Meta's monetization efficiency through newer ad products and advertiser adoption is ramping. On the chart, META just cleared 2021 highs with Fibonacci extension targets at $455 and $500. META is overbought on multiple timeframes and downside targets on weakness ate $368 followed by $355. META options are options are pricing in a 6.4% earnings move and 30-day IV Skew at +1.6 compares to the +2.8 52-week average. META put/call open interest ratio is at the 100th percentile and average IV30 crush is -26%. META sees a ton of action but flows leaning 79% bullish. META has a large February $335 call buyer holding in OI and seen size buys in June $330 and March $350 calls as well as $380 strikes.

Trade to Consider: Long **META** February 2nd (W) $400/$440 Call Spreads $9.70

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