Earnings Snapshots 10/16/2023

TSLA, NFLX, LVS, AXP

Tesla (TSLA) will report quarterly results 10/18 after the close with the Street looking for $0.74 EPS and $24.16B in Revenues (+12.6%) with Q4 seen at $0.87/$26.44B. Forecasts are implying 21.7% revenue growth in 2023 with EPS down 17.7% and for 2024 revenue growth of 22.9% with EPS rising 30%. TSLA shares have closed sharply lower the last two reports after being higher three of the prior four and a six quarter average max move of 10.73%. Tesla has maintained a dominant market share in EVs though latest reports show it is losing market share to competition while delivery numbers have missed estimates and price cuts are sure to weigh on margins, but it has a clear advantage to peers with its balance sheet and more efficient operations. The importance of Optimus will become apparent in the coming years as it estimates that business will be worth more than the car business and FSD. TSLA has a market cap of $800B and trades 55.5X Earnings, 35.7X FY24 EBITDA estimates and 130X FCF, a premium valuation reflecting its higher growth/margin profile. Cybertruck continues to be delayed and overall seeing little enthusiasm into the launch. Auto gross margins are seen falling to 17.5% in 3Q vs. 18.1% in 2Q and 19.0% in 1Q. The forward outlook for FY24 is likely to drive the share price reaction. Analysts have an average target of $240 with short interest at 8% of the float down 17.7% Q/Q. Jefferies cut its target to $250 into earnings seeing further margin erosion and forward growth concerns. OpCo sees the forward commentary on margins as the key metric this quarter. On the chart, TSLA pulled back to VWAP off the August lows last week while remaining in a downtrend with lower highs since November 2021. A move below $250 sets up for a move to $235 while the 200-MA is down at $211.65. If shares can clear 266.5 TSLA can work back to $300 highs from July. TSLA options are pricing in a 4.7% earnings move with 30-day IV Skew at +4.2 comparing to the 52-week average of +4.1. TSLA's put/call open interest ratio is at the 42nd percentile and average IV30 crush is -11%. TSLA sees an enormous amount of options positioning daily and has seen some large buys in Nov. 3rd (W) $270 and $265 puts but also massive bull positions in November $250 and $270 calls as well as December $310 calls.

Trade to Consider: Long **TSLA** October/November $270 Call Calendars for $6.35 Debit

Netflix (NFLX) will report quarterly results 10/18 after the close with the Street consensus at $3.49 EPS and $8.54B in Revenues (+7.7%) and Q4 seen at $2.13/$8.78B. Forecasts are implying 6.5% revenue growth with 18.9% EPS growth in 2023 while 2024 sees 13.1% revenue growth and 27.3% EPS growth. NFLX shares have closed lower the last two reports after being higher the previous three reports, a six-quarter average max move of 14.4%. NFLX is the leader in streaming and the recent focus has been its push into an ad-supported tier at a lower price that will drive incremental revenues for years to come. Netflix remains mired in a period of post-pandemic growth normalization while also seeing increased industry wide competition. NFLX operates in a maturing business in a highly competitive market facing a global consumer under increasing economic stress. Success in monetizing the 100M homes identified as password-sharing would translate into higher ARPU over time. NFLX likely still has some more strategic levers to pull across live sports and gaming. Bloomberg recently noted Netflix could be in the running for future NBA rights and WSJ recently noted NFLX is in talks to live-stream its first sporting event this fall. Management talked down margins for next year at an investor conference in mid-September, while the leader of the advertising business is stepping away after just one year on the job. The paid-sharing rollout will continue to be a tailwind for subscribers in the near-term. NFLX has a market cap of $158B and trades 23.5X Earnings, 4.9X Sales, 22X EBITDA and 37X FCF. NFLX valuation has risen on prospects of the password sharing and advertising benefits while higher content spend is a risk. The Street is looking for 6M net adds, always the key metric. NFLX may also announce price hikes. Analysts have an average target of $460 with short interest low at 2% of the float. Wolfe cut NFLX to Neutral last week seeing ARPU peaking. Wells Fargo has a $460 target and sees investments into content and advertising accelerating growth but weighing on margins. On the chart, NFLX shares broke down last week under the 200-MA and losing the uptrend off the 2022 lows. NFLX has a key 38.2% retrace and volume level at $344 for potential support, followed by the 50% at $309.5. NFLX has resistance at $372 and $385 on a bounce. NFLX options are pricing in a 7.3% earnings move and 30-day IV Skew is at +4.5 comparing to the +3.5 52-week average. NFLX put/call open interest ratio is at the 38th percentile and average IV30 crush is -24.8%. NFLX actually lacks a ton of large open interest with short calls at January $270, $310 and $320 strikes most notable.

Trade to Consider: Sell the **NFLX** November $410/$400/$320/$310 Iron Condors for a Credit of $3.70

Las Vegas Sands (LVS) will report results 10/18 after the close with the Street expecting $0.55 EPS and $2.73B in Revenues (+171.3%) and Q4 seen at $0.63/$2.86B. Forecasts are implying 151% revenue growth and 261% EPS growth in 2023 while 2024 seen at 19% revenue growth and 52.5% EPS growth even with the tougher comps. LVS shares closed lower last report after being higher the prior five reports, a six-quarter average max move of 6.67%. LVS is a leading global developer of destination properties that feature premium accommodations, world-class gaming, entertainment and retail malls, convention and exhibition facilities, celebrity chef restaurants and other amenities. LVS owns properties in the US and Asia with a focus on mass market, the most profitable gaming segment. LVS shares have outperformed on the China reopening with a quick recovery in Macau visitation. LVS has a market cap of $34.25B and trades 14.25X Earnings, 11.3X EBITDA and with a 6.6% FCF yield. Weaker Macau margins weighed on shares last quarter. Gaming stocks have underperformed the past several months as concerns around the US economy continue to rise with multiple compression the cause as estimates have actually risen. Cyber Security incidents and Union issues have also been headwinds. Trends in domestic Gaming have now started to stabilize, with 3Q trends +/- single-digit y/y, whereas Macau remains in recovery albeit led purely by premium mass, and OSB/iGaming momentum has held with rational promotions. The China Credit Impulse is now slightly down vs. 2019 levels, but stimulus measures could drive this forward indicator higher. Analysts have an average target of $68.25 with short interest low at 1.4% of the float. Argus is at Buy with a $68 target noting the end of China travel restrictions should boost traffic and LVS should win new licenses and expand in Macau. On the chart, LVS is consolidating below monthly value and shares are very oversold. Shares are now trading below VWAP off the 2022 lows while $42.909 at 61.8% Fibonacci potential level of support. LVS can make a move over $47 to target $49 and then upper value near $54. LVS options are pricing in an earnings move of 4% and 30-day IV Skew at +4.2 compares to the +3.8 52-week average. LVS put/call open interest ratio is at the 44th percentile and average IV30 crush is -12%. LVS has a massive buy of 40,000 December $45 calls in open interest and has also seen opening sellers in March $40 and $35 puts as well as January $45 and $42 puts.

Trade to Consider: Sell the **LVS** January $45/$42 Put Spreads for $1.25 Credit (Bull Put SPreads)

American Express (AXP) will release results 10/20 before the open with the Street looking for $2.94 EPS and $15.37B in Revenues (+9.8%) while Q4 seen at $2.86/$16B. Forecasts are looking for 9.5% revenue growth and 11.1% EPS growth in FY24 versus the 11.6% and 12.8% in 2023. AXP shares have closed lower three of its last four reports with a six-quarter average max move just under 7%. American Express is a globally integrated payments company and a leader in providing credit and charge cards to consumers, small businesses, mid-sized companies and large corporations around the world. AXP's higher credit-quality skew offers downside protection from consumer credit deterioration and is well positioned to benefit from ongoing recovery in corporate travel/entertainment spend. AXP earlier this year announced plans to raise the dividend 15% and repurchase up to 120M shares. AXP is one name rumored to takeover the Apple card partnership from Goldman. AXP has a market cap of $111B and trades 12.3X Earnings, 10.2X EBITDA and 7.5X FCF with a 1.58% dividend yield, extremely attractive valuation. Spending volumes have been robust and incremental recovery T&E, particularly corporate T&E, could provide upside to estimates. Analysts have an average target of $178 with short interest low at 0.8% of the float. HSBC started shares Buy last week with a $181 target. OpCo cut its target to $175 as a top pick in the space that should outperform peers. Citi cut its target to $143 seeing further NIM compression. AXP is MSCO's preferred stock in the space seeing higher fee income + lower credit losses. On the chart, AXP shares are sitting on the 200-week EMA which has been supportive previously. AXP needs to clear $155 to get back inside value and target a run to the 200-MA at $162.6. AXP below $148.5 would test recent lows of $144.3. AXP options are pricing in a 3.5% earnings move and 30-day IV Skew at +4.4 compares to the +3.7 52-week average. AXP put/call open interest ratio is at the 39th percentile and average IV30 crush is -12.66%. AXP has 13,775 Jan. 2026 $240 calls recently bought in open interest, 10K Nov. $150 short puts and 9500 June 2025 $200 calls bought in OI.

Trade to Consider: Long **AXP** January $155/$165 Call Spreads for $3.80 Debit

Disclaimer:

These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

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