



## Earnings Snapshots 2/14/2022

ABNB, NVDA, RBLX, ROKU, DE

**Airbnb (ABNB)** will report results 2/15 after the close with the Street looking for \$0.03 EPS and \$1.46B in Revenues (+69.6%) and Q1/FY22 seen at (\$0.42)/\$1.24B and \$0.97/\$7.27B. ABNB shares have closed higher each of its four earnings reports with an average max move of just over 10%. ABNB has a market cap of \$110B as a leading provider of alternative accommodations and trades 13.7X FY22 EV/Sales and 54X EBITDA with three year forward CAGRs of 22.65% and 27.5% respectively. Total bookings for alternative accommodations are seen growing to \$85B in 2026 from \$40B in 2019. ABNB management is targeting long-term 30%+ Adjusted EBITDA margins in improved variable costs, marketing efficiency & managing fixed expenses. ABNB has not even tapped into a massive potential market of Experiences and it is also quietly expanding into Hotels with its deal for HotelTonight. ABNB's 3Q results and 4Q commentary speak to 3 key underlying strengths of the ABNB platform: 1) Long term stays are ramping; 2) Supply initiatives are working; 3) EBITDA flow through is rising on better expense controls. ABNB likely saw uneven travel trends in Q4 as Omicron disrupted travel but the outlook for Summer is likely increasingly strong. Analysts have an average target of \$190 with short interest at 5.8% of the float. BTIG cut shares to Neutral last week seeing estimates too aggressive and a likely slowdown in growth while valuation is questionable with multiples contracting. Gordon Haskett also cut to Hold on growth headwinds expecting weaker guidance due to Omicron. RBC cut to Neutral on 12/16 with a \$175 target on a balanced risk/reward. UBS started shares Neutral in December with a \$176 target noting that as business travel returns hotels will start taking back some share. On the chart ABNB has mostly rising moving averages with recent upward momentum and sits above all major VWAPs. ABNB rallied and failed at a 50% retrace level and key volume node last week, a close above \$173.50 needed to look for a push to \$180 or higher. ABNB has support confluences at \$164 and \$159 levels followed by \$150. ABNB options are pricing in a 7.75% earnings move and 30-day IV Skew at +5.9 compares to the +1 52-week average. ABNB's put/call open interest ratio is at the 93<sup>rd</sup> percentile while average IV30 crush is -15.5%. ABNB notable open interest is scattered across months with put sales more popular than anything with some size short puts in March \$140 and February \$130 strikes.

Trade to Consider: Sell the **ABNB** April \$150/\$140 Put Spreads for a \$3 Credit (Bull Put Spreads)



**Roblox (RBLX)** will release earnings 2/15 after the close with the Street consensus at (\$0.13) EPS and \$767.6M in Revenues (+147.6%) and Q1/FY22 seen at (\$0.11)/\$769M and (\$0.64)/\$3.29B. RBLX shares have closed higher two of its three reports with an average gain of more than 30% on the moves higher while the move lower closed down just 1.1%. RBLX is an online video game platform that allows for the development, creation, and exploration of gaming experiences. The creation & monetization of user-generated content effectively allows RBLX to outsource game development costs to its creators while retaining the economic upside with a diversified portfolio of content. RBLX's platform includes content developed by individual creators and video game studios, as well as non-endemic businesses such as film/TV studios and musical artists which demonstrate the use case for non-gaming general entertainment that should broaden the appeal of the Roblox platform. Roblox is expanding its monetization capabilities including its premium subscription service (Roblox Premium), brand partnerships, and new currency/payment methods/retail channels. RBLX has a \$40.5B market cap and trades 11.2X FY22 EV/Sales and 54X EBITDA with a forward three-year CAGR of 21.5% and 20.35% respectively. RBLX recently signed a deal for the NFL for NFL Tycoon, a football inspired simulator game, the first persistent experience from a sports league on RBLX. The NFL partnership expansion is important because it is an example of one of the most premium sports brands further endorsing Roblox's ecosystem, user, engagement, and monetization opportunity. RBLX held an Analyst Day in November where the company outlined its strategy to penetrate new verticals. Roblox is at the intersection of gaming, entertainment, and social and provided a vision to achieve 1 billion users which will be driven by investments in identity, immersion, community, civility, and content. RBLX did face some outage headwinds in November that could weigh on metrics. Analysts have an average target of \$110 with short interest at 6.9% of the float. MSCO noted last week the NFL deal shows that branded experiences are a major long-term opportunity and has a \$115 target on shares. BTIG has a \$133 target and noted a strong December with registrations up 30% Y/Y and Google Trends data on gift cards show strength. Needham started shares Buy in December with a \$136 target as a key player in the metaverse theme. On the chart RBLX shares have tried basing and failed to close above its declining 21-day MA, a move above \$73 opens up a move back to \$85. RBLX retracement level targets on a move higher are \$87.30 which is also near VWAP from its IPO and then \$97.50 a 50% retracement that aligns with a major VPOC. A move below \$60 would likely cause an ugly move to \$50 or lower. RBLX options are pricing in a 15.6% earnings move with 30-day IV Skew at +1.4 comparing to the -0.9 52-week average. RBLX's put/call open interest ratio is only at the 30<sup>th</sup> percentile and average IV30 crush is -2.9%. RBLX as seen buyers accumulate February \$60 puts, March \$50 puts and still has 9350 March \$75 puts in OI from large buys as well as 6500 March \$90 puts.

Trade to Consider: Long **RBLX** February \$65/\$55/\$45 Put Butterfly Spreads at \$2.25 Debit



**Nvidia (NVDA)** will announce earnings 2/16 after the close with the Street view at \$1.22 EPS and \$7.42B in Revenues (+48.3%) and Q1FY23 seen at \$1.17/\$7.29B and \$5.16/\$31.64B. NVDA shares have closed higher six of its last eight reports with a six quarter average max move of 5.75%. Nvidia is a leading Semi and has leveraged its GPU architecture to create platforms for scientific computing, artificial intelligence, or AI, data science, autonomous vehicles, or AV, robotics, and augmented and virtual reality, or AR and VR. NVIDIA has a platform strategy, bringing together hardware, software, algorithms, libraries, systems, and services to create unique value for the markets it serves. NVDA's main markets are Gaming, Data Center and Automotive. NVDA has a market cap of \$645B and trades 46.5X Earnings, 22X EV/Sales and 95.5X FCF with a forward revenue/EBITDA three-year CAGR of 17.6% and 19.3% respectively. Peer reports and the strong cloud numbers out of MSFT/AMZN/GOOG support another strong print coming from NVDA. NVDA has another key catalyst coming with its GPU Tech Conference/Analyst event Mar 21-24. NVDA cancelled its plans to acquire Arm which could free up cash for buybacks/M&A. There is growing anticipation around NVDA's next-gen pipeline of 5nm based data center (Hopper) and gaming products (called Lovelace, more likely launched in 2H22.) Analysts have an average target of \$350 with short interest low at 3.5% of the float. RJF raised its target to \$365 in November noting it's a one of a kind stock in the Semiconductor space. On the chart NVDA shares bounced in January at a major VWAP and near the rising 200-day moving average while the bounce did not quite reach \$278.50 as VWAP off the highs and closed Friday at VWAP off the recent low. NVDA has a bear 8/21 weekly EMA cross triggering. NVDA options are pricing in an 8.5% earnings move with 30-day IV Skew at +7.2 comparing to the +1.9 52-week average. NVDA's put/call open interest ratio is at the 26<sup>th</sup> percentile and average IV30 crush is -11.55%. NVDA last week with a large buy of 2800 April \$225 calls and seen some size buys in March \$305 and \$310 calls. NVDA also has large size in April \$230 and \$250 calls from buyers but has also seen plenty of put size bought in February, March and April expirations, a very mixed flow structure.

Trade to Consider: Long the **NVDA** March/April \$280 Call Calendar Spreads at \$3.75 Debit





**Roku (ROKU)** will report results 2/17 after the close with the Street expecting \$0.07 EPS and \$896.5M in Revenues (+38%) and Q1/FY22 seen at \$0.16/\$751.5M and \$1.65/\$3.77B. ROKU shares have closed lower the last two reports and six of nine with a six quarter average max move of 10.77%. ROKU should be in a good position as we have seen strong advertising spending trends with the move to OTT continuing. ROKU continues to have a significant growth opportunity in International markets. ROKU has also been building out original content and enhancing the Roku Flywheel. As viewership and these dollars shift to streaming, Roku's ARPU has the potential, in the L/T, to grow multiple times of where it is now. Roku has been able to grow its U.S. smart TV market share to almost 35% in six years and relationships with TV OEMs (including TCL) and distributors (including Walmart) remain strong. Roku's new App will allow Shopify merchants to easily build, buy and measure TV streaming advertising campaigns. This will take advantage of OneView's SMB focus, targeting ability, and measurement and interactive capability. SMB is a segment Roku has not targeted before and represents a new revenue stream. ROKU has a market cap of \$22.25B and trades 99X Earnings, 37X EBITDA and 5.3X FY22 EV/Sales with a three-year forward CAGR estimate for revenues/EBITDA at 32.8% and 38.4% respectively. ROKU was hit hard last quarter on an outlook for deceleration in revenues while active account growth is also slowing as it faces tough post-pandemic comps. Supply chain & logistics challenges are likely to weigh on results once again while competition in the streaming space continues to intensify. Analysts have an average target of \$345 with short interest at 5.5% of the float rising 59% Q/Q. Deutsche Bank on 1/20 called weakness overdone and has a \$300 target as a leader in the rapidly growing CTV market and Q4 checks indicate a strong quarter despite supply chain issues. Atlantic started shares Underweight in January with a \$136 target on slowing growth and expensive valuation. On the chart ROKU has been trying to base the last few weeks and get back inside 1-year value, a move above \$170 has room back to the 55-MA at \$196. ROKU weekly MACD is improving and nearing a positive cross while RSI remains very oversold. ROKU completed the post-pandemic round-trip move and held right at a major VPOC and former breakout retest level while a move below \$150 could target \$127.75 as VWAP from the IPO. ROKU options are pricing in a 13.2% earnings move and 30-day IV skew at +2.9 compares to the +1 52-week average. ROKU's put/call open interest ratio is at the 58<sup>th</sup> percentile and average IV30 crush is -20.4%. ROKU on 1/27 saw wide bull risk reversals open 3500X buying February \$210 calls and selling the \$100 puts. From 1/11 to 1/13 ROKU saw 2000 June \$230 calls accumulate with buys and still as 1900 short June \$220 puts in OI from a trade back on 11/17.

Trade to Consider: Long the **ROKU** February \$175/\$195/\$205 Broken Wing Call Butterfly at \$3.70 Debit



**Deere (DE)** will report earnings 2/18 before the open with the Street consensus at \$2.23 EPS and \$8.28B in Revenues (+2.8%) and Q2/FY22 seen at \$6.96/\$13.4B and \$22.21/\$47.42B. DE shares have closed higher on earnings four of the last six reports with an average max move of 5.9%. DE is a worldwide industrial equipment leader with segments in agriculture & turf operations and construction & forestry. Sales of agricultural equipment are affected by total farm cash receipts, which reflect levels of farm commodity prices, acreage planted, crop yields and government policies, including global trade policies and the amount and timing of government payments. The prevailing levels of residential, commercial and public construction, investment in infrastructure, and the condition of the forestry products industry influence retail sales of John Deere construction, earthmoving, roadbuilding, material handling, and forestry equipment. Deere is a key player in a \$50B Precision Ag TAM that should see acceleration of demand from yield improvement and input cost reductions across the industry. The depleted stock and low inventories across its major segments set it up for a multi-year up-cycle despite some market fears of being near peak-cycle. DE has a market cap of \$121B and trades 15.6X Earnings, 2.75X Sales and 20.75X FCF with a forward three-year CAGR estimate for revenues/EBITDA at 4.65% and 8.2% respectively as the cycle is expected to peak in 2022. Analysts have an average target of \$420 with short interest minimal at 0.6% of the float. DA Davidson raised its target to \$455 last week on strong USDA data while Baird expects a beat and raise following the AGCO/CNHI numbers. Barclays raised its target to \$415 but noted a high bar into Q4 numbers. On the chart DE recently broke out of a large weekly consolidation wedge that targets a move to \$650 longer-term while \$440 the range-break target. DE has support at \$375 and \$363 on weakness but remains one of the strongest charts in the entire market. DE options are pricing in a 3.55% earnings move and 30-day IV Skew at +1.2 compares to the +1.3 52-week average. DE's put call open interest ratio is at the 29<sup>th</sup> percentile while average IV30 crush is -13.5%. DE has not seen a lot of positioning but 2200 of the Feb. \$415 calls sold to open, March \$340 puts are short 1000X, and 1000 of the Feb. \$340/\$350 call spreads remain in OI as well as 1770 June \$280 short puts.

Trade to Consider: Sell the **DE** February \$415/\$410/\$370/\$365 Iron Condor for a \$2.25 Credit



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