



SNAP, RBLX, UBER, PYPL, PINS

**Snap (SNAP)** will release results 2/6 after the close with the Street expecting \$0.06 EPS and \$1.38B in Revenues (+5.8%) with Q1/FY24 seen at (\$0.03)/\$1.12B and \$0.15/\$5.26B implying 125% EPS growth and 13.9% Revenue growth in 2024 as well as 154% EBITDA growth. SNAP shares have closed lower each of its last six reports with an average max move of 23% after having been higher six of the seven reports prior. SNAP has also positioned itself as a leader in Augmented Reality (AR) with 200M people engaging daily. SNAP Stories has become the largest revenue driver for the company. The Snapchat Generation makes up 40% of global consumers and already yields \$1 trillion in purchasing power. Snapchat+ reported in December 7M subscribers which offers access to the latest features that help Snapchatters customize their app experience, get creative, and have even more fun with friends. SNAP has a market cap of \$28B and trades 101.5X FY24 EBITDA expectations and 5.4X EV/Sales. PSC CPM data is positive. Comps are favorable into 1H24 & M&E resurgence is a tailwind. Snap+ could be gaining momentum. Analysts have an average target of \$15 with short interest at 7% of the float, rising 32% Q/Q. MSCO remains underweight with a \$13 target on valuation despite signs of improving trends. In the near-term the improving advertiser performance/conversions, China-based ad spend, and Amazon partnership are the most material. SNAP is already pricing in a ~30% '23-'26 revenue CAGR and assuming 27% '26 EBITDA margins. Recent industry conversations point to some signs of advertisers returning to spend on the platform, which supports SNAP's 3Q comments around making progress on the performance-based ad business. On 11/13, AMZN and SNAP announced a partnership that allows SNAP users to link their Snapchat accounts to their Amazon accounts, giving them the option to make purchases directly from AMZN ads without leaving the SNAP app. SNAP could prove to be an AI winner given they are investing in AI tools to better analyze their data and improve their organic and paid content targeting/attribution. On the chart, SNAP has formed a long bull flag and tight consolidation and looks likely for a volatile move. The 200-week EMA at \$21 is a likely upside target while on weakness real support sits back at \$13.75 and the 200MA at \$11.55. SNAP options are pricing in a 9% earnings move and 30-day IV Skew at 0 compares to +0.1 52-week average. SNAP put/call open interest is at the 54<sup>th</sup> percentile and average IV30c rush is -38%. SNAP has 50,000 Feb. \$20 calls bought in open interest, 20,000 Jan. 2025 \$22 calls bought and some mixed flows into March \$15 calls and puts.

Trade to Consider: Long **SNAP** February \$17/\$14/\$11 Butterfly Put Spreads for \$0.80 Debit



**Roblox (RBLX)** will report earnings 2/7 before the open with the Street consensus at (\$0.55) EPS and \$1.07B in Revenues (+85.6%) and Q1/FY24 seen at (\$0.46)/\$902.7M and (\$1.90)/\$4.03B implying 18.2% revenue growth in 2024 while EBITDA seen rising 43.2%. RBLX shares have closed higher three of its last four reports with a six-quarter average max move of 18.6%. RBLX operates a human co-experience platform or Roblox Platform, where users interact with each other to explore and develop, user-generated and 3D experiences. RBLX's platform includes content developed by individual creators and video game studios, as well as nonendemic 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. RBLX looks best positioned to peers for long-term secular growth opportunities sit in the gaming landscape (open world, user/developer dynamics capturing Web 3 themes, shifting habits of the gaming user). RBLX has promising prospects in advertising, and improved profitability with significant opportunities for operating leverage, alongside strong cash flow generation. RBLX has a market cap of \$25.4B and trades 47X FY24 expected EBITDA and 6X EV/Sales. At the '23 investor day, new long-term guidance surprised to the upside on bookings and came in line with expectations for margin expansion. Advertising remains the single largest incremental opportunity for the company, as 80% of time spent on RBLX comes from users who do not spend money on in-game purchases. The company aims to begin capturing core brand budgets (vs. the small experimental spend it sees today) over the course of '24. The company also went into a new level of detail on its planned ecommerce/shopping products, which it expects to launch in '25. RBLX is one of a small number of companies in the game industry that are well positioned to benefit from new AI tools, since the company will put those tools into creators' hands...and participate in the upside from more/higher quality content creation on the platform. RBLX plans to initiate quarterly and full year guidance on 7 February for the first time, a very positive development. Analysts have an average target of \$43.50 with short interest low at 4.3% of the float. BAML is at Buy and notes For 1Q24, it expect investors to focus on commentary that revenues will outgrow headcount costs starting 1Q24, and its implications for CY24 and beyond EBITDA margins. Roth MKM called it a top idea last week with a \$50 target seeing multi-year growth prospects and margin expansion. BTIG expects a beat based on stronger sign-up volumes and monetization rates that are expected to run flat to up slightly. BMO recently started Outperform seeing RBLX at an inflection point and expects significant operating leverage with bookings growth faster than costs. On the chart, RBLX recently dipped back near the 200MA and is holding key \$38.80 support with the 200MA at \$36.75 aligning with VWAP off the low support. RBLX has an AVWAP near \$52 from its IPO while recent high near \$47 key resistance. RBLX options are pricing in a 12.85% earnings move and 30-day IV Skew at +0.6 compares to the +2.4 52-week average. RBLX put/call open interest is at the 35<sup>th</sup> percentile and average IV30 crush is -25.35%. RBLX has 12K Jan. 2025 \$30 puts bought in OI and seen sellers of March \$45 and February \$52.5 calls.

Trade to Consider: Long the **RBLX** February \$40/\$35 Put Spreads for \$1.80 Debit



**Uber (UBER)** will report results on 2/7 before the open with the Street view at \$0.17 EPS and \$9.76B in Revenues (+13.4%) while Q1/FY24 seen at \$0.20/\$10.02B and \$1.15/\$11.44B with 2024 seen as a year with 15.3% Revenue growth and 47% EBITDA growth. UBER shares have closed higher on results five of the last six with an average max move of 11.1%. UBER's mobility business is seen growing at a 29% CAGR through 2026 with take rates expanding to 24% from 19% on improved service fee structures, efficiency & use of certain incentives/promotions. Uber has framed the global serviceable addressable market for food delivery to be \$795B. UBER should benefit from a more favorable labor backdrop and continues to sign new partners to the platform. The company has consistently beat expectations on profitability with its leaner cost structure. UBER has a \$140B market cap and trades 62X Earnings, 24.8X EBITDA and 3.4X EV/Sales. Emerging products like Reserve, Hailables, Uber for Business, and Shared Rides grew more than 80% YoY in Q3. UBER will benefit from a combination of lower international competitive intensity, improving scale, and fulfillment efficiency in Delivery this year. Analysts have an average target of \$68 with short interest at 4.5% of the float, a 95% jump Q/Q. MSCO notes UBER's user/spend/frequency growth algorithm is under-appreciated and important to the long-term multiple investors will pay. MSCO sees improving unit economics and disciplined growth. BAML sees Uber as offering one of the best 3-5 year growth profiles in the Internet sector, with potential for mid-to-high teens bookings growth and 30% EBITDA growth as margins increase from 3.5% of bookings toward 7%. Some top items for 4Q call/investor day include: 1) Any annual bookings/EBITDA guidance; 2) Outlook for minimum level of incremental margins; 3) Capital returns, given improved cash flows; 4) New product offerings, ad services, and subscription features; and, 5) insurance renewal expectations. Cowen raised its target to \$80 seeing continued strong Mobility growth driven by UberX growth and Mobility growth verticals like Reserve, Hailables, U4B and Shared Rides as well as upside to margins from the Ad business over time. On the chart, UBER closed the week breaking out to highs out of value and has cleared the 2021 high with Fibonacci extension targets near \$75 and \$81.45. On weakness look for support levels of \$64, \$62 and \$60. UBER options are pricing in a 5.8% earnings move and 30-day IV Skew at +1.3 compares to the +2.5 52-week average. UBER put/call open interest is at the 94<sup>th</sup> percentile and average IV30 crush is -20.55%. UBER has seen 30,000 February \$70 short calls open while size buyers in March, and June \$70 calls along with June \$62.5 calls.

Trade to Consider: Short the **UBER** February \$70/\$60 Strangle and Buy the March \$70/\$60 Strangle at Net \$1.35 Debit



**PayPal (PYPL)** will announce quarterly results 2/7 after the close with the Street looking for \$1.36 EPS and \$7.87B in Revenues (+6.6%) with Q1/FY24 seen at \$1.27/\$7.53B and \$5.48/\$32.02B implying 10.7% EPS growth and 8.1% Revenue growth in 2024. PYPL shares have closed lower three of the last five reports with a six-quarter average max move of 9.8%. PayPal is a technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PYPL has seen a lot of headwinds from slower growth amid rising competition. PayPal's incoming CEO Alex Chriss delivered an initial message that seemed to resonate with investors given the focus on execution, product improvements, disciplined capital allocation and clearer messaging. PYPL has a market cap of \$67B and shares trade 11.3X Earnings, 8.5X EBITDA and 24.45X FCF. Investors will focus on the FY24 guidance as the new CEO/CFO seek to earn Street credibility while driving sustained improvements in top-line metrics, especially TP growth. BAC aggregated credit and debit card data, which showed US eCommerce spending growth (ex. travel/events) improved slightly to 1.4% in 4Q vs. 0.8% in 3Q. PYPL's new CEO is laser focused on profitable growth. Faster rollout of next-gen consumer checkout and PayPal Complete Payments (PPCP) for the SMB market are key priorities, as is improving unbranded/Braintree margins. Analysts have an average target of \$74.50 with short interest low at 2% of the float. BAML notes PYPL still has a strong brand and balance sheet, but we see '24 as a transition year. Valuation likely provides downside support, while sentiment/expectations remain low. Monness Crepi has a \$95 target and Buy rating seeing layoffs improving operating leverage. On the chart, PYPL has been consolidating for a few weeks and sits just under the 200MA with \$63 and \$64 key resistance for a push to \$70. Lower value support sits near \$58 and \$59.50 is VWAP off the recent low support. PYPL options are pricing in a 7.25% earnings move and 30-day IV Skew at -0.9 is bullish inverted and compares to the +1.9 52-week average. PYPL put/call open interest ratio is at the 9<sup>th</sup> percentile and average IV30 crush is -27%. PYPL has seen some large call buys in Feb. 23<sup>rd</sup> (W) expiration and has seen large buys accumulate in February \$65 and April \$70 calls.

Trade to Consider: Long the **PYPL** April \$65/\$70 Call Spreads at \$1.60 Debit





**Pinterest (PINS)** will report results 2/8 after the close with the Street seeing \$0.51 EPS and \$356.3M in Revenues (+12.7%) while Q1/FY24 seen at \$0.13/\$702M and \$1.33/\$3.57B implying 2024 revenue growth of 16.6% with EPS growth of 23.5% and EBITDA growth of 32.9%. PINS shares closed higher by 19% last report after closing lower the three prior and higher the five before those with a six-quarter average max move of 14.5%. Pinterest is where 450 million people around the world come each month to discover and visualize ideas for their daily activities like cooking dinner or deciding what to wear; for major commitments like remodeling a house or training for a marathon; for ongoing passions like gardening or fashion; and for milestone events like planning a wedding or a dream vacation. PINS full funnel advertising solution maps to the consumer buying journey on Pinterest, from building awareness and comprehension at the top of the funnel, to supporting consideration and engagement with brands in the middle of the funnel, to driving purchases at the bottom of the funnel. PINS is deepening engagement and growing monetization seeing record users and shopping with Gen Z a key growth driver. PINS platform enhancements are working for advertisers and PINS expects to grow revenue in the mid- to high teens and improve EBITDA margin to the low 30% range over the coming 3 to 5 years. PINS has a market cap of \$26.8B and trades 30.25X Earnings, 27.3X EBITDA and 65.65X FCF. PINS guided to strong margin expansion last quarter while monetization and engagement remain in focus. PINS is focused on using AI to improve relevance and personalization to help support better user experiences and engagement growth. The 3P partnership with AMZN is delivering encouraging early results with 50% improvement in relevance on search and a 100% improvement in relevance of related pins. Pinterest has not built out its International sales presence to match its user base, resulting in a relative ARPU deficit vs peers, a future opportunity. Analysts have an average target of \$40 with short interest rising 82% Q/Q to 7.6% of the float. Evercore raised its target to \$50 on positive channel checks. Argus upgraded to Buy recently noting higher engagement along with ad loads and pricing. On the chart, PINS broke out of a bull flag last week and closed strong with a Fibonacci retracement at \$44 a next upside target. Retest support is at \$38.40, VPOC at \$37.40 and lower value at \$36. PINS options are pricing in a 10.1% earnings move and 30-day IV Skew at +0.6 compares to the +2 52-week average. PINS put/call open interest is at the 98<sup>th</sup> percentile and average IV30 crush is -33%. Pinterest (PINS) on 12/20 with a big trade showing confidence at current prices as 2000 August \$38 puts sold to open at \$4.65. PINS had an opening sale of 10,500 January 2025 \$42 calls on 12/18 while June \$40 calls have accumulated 9000X in open interest with a buy-write responsible for the majority. On 12/19 May \$40 puts bought 5500X tied to long stock while June \$30 calls have over 5000 in open interest from buys and February has plenty of long calls. PINS on 1/29 with a buyer of 20,000 February \$42.5 calls and 3500 March \$35 calls and on 1/25 1000 Oct. \$35 puts sold to open.

Trade to Consider: Long **PINS** February \$40/\$42.5 Call Spreads at \$0.95 Debit



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**Not Investment Advice or Recommendation**

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