Earnings Snapshots 4/22/2024

TSLA, V, META, GOOGL, MSFT

Tesla (TSLA) will announce results 4/23 after the close with the Street expecting $0.51 EPS and $22.34B in Revenues (-4.3%) and Q2/FY24 seen at $0.64/$25.26B and $2.67/$102.68B implying 6.1% revenue growth and a 14.5% EPS decline with EBITDA down 6.7% Y/Y. TSLA shares have closed sharply lower each of the last four reports and a six-quarter average max move of 11%. 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. Tesla Energy, Tesla Insurance, Tesla Mobility and Tesla Network Services are emerging businesses but long-duration and no clear path to profitability. TSLA has a $468B market cap and trades 40.45X Earnings, 28.7X EBITDA and 107.5X FCF, extremely rich on valuation considering the weak growth outlook even with shares down 40% YTD. EV penetration has stalled in all main regions. Penetrated cities, affordability, insurability, repairability, depreciation, residual value, infrastructure, lower incentives, competition from hybrids have all played a role while the Tesla brand is also weakening due to Musk's polarizing personality. TSLA Q1 deliveries were down 10% Y/Y/. TSLA will hold a Robotaxi Event on 8-8-24. TSLA also recently announced massive layoffs. Analysts have an average target of $183 with short interest at 9% of the float. MSCO has a $310 target but only sees the core Auto business worth $62/share and sees TSLA as an eventual AI winner with an AI Day later this year. Deutsche Bank downgraded last week with concerns of a strategic priority shift to the robotaxi and seeing Tesla more of a long-duration Tech/AI name now with the core business struggling. On the chart TSLA remains a mess as one of the only names to stay in a downtrend the last few years and broke to multi-month lows last week. TSLA $145 level does retest a flag breakout from 2020 and last remaining large volume node along with trend support off 2019/2023. Shares are oversold but lack much price support until the 2023 lows near $115. Snapback rallies are likely to meet resistance at $158 and $168 levels. TSLA options are pricing in a 7% earnings move and 30-day IV Skew at +5.8 is very steep to the 52-week average of +1.8. TSLA put/call open interest ratio is at the 67th percentile and average IV30 crush is -12.7%. TSLA has massive positioning in various April 26th (W) puts that are already up significantly and has seen large buys of August $130 puts and May $155 puts. Last week a large trade bought September $130 puts and sold $80 puts in a ratio spread.

Trade to Consider: Long **TSLA** April 26th (W) $145/$135 Put Spreads $3.30

Visa (V) will report earnings 4/23 after the close with the Street forecasting $2.44 EPS and $8.62B in Revenues (+8%) and Q3/FY24 seen at $2.46/$8.98B and $9.91/$35.82B implying 13% EPS growth and 9.7% revenue growth while FY25 seen at 12.4% and 10.3% respectively. V shares have closed lower three of its last four reports with a six-quarter average max move of 3.33%. Visa is the global leader in payments with attractive leverage to the long-term secular growth driver from payment electronification. Visa's business mix has greater leverage to the US and greater skew towards debit and will likely continue to deliver HSD revenue growth and high-teens EPS growth for many years to come, supported by persistent tailwinds and the nascent growth initiatives in areas like new flows and value-added services (for both card and non-card spending). Visa also has near-term tailwinds from the recovery in cross-border volumes. V has a $542B market cap and trades 24.2X Earnings, 21.5X EBITDA and 28.35X FCF a steady strong grower and long-term compounder. Visa is still seeing "steady and sustained" US spending trends through Feb 21, while global spend trends are also relatively stable. VAS is expected to be a key long term lever of growth for Visa (growing above consumer payments) as Visa looks to solve complexities via services for issuers/FIs and merchants, and via solutions related to identity/risk, open banking, and other advisory services. V had a key overhang removed with the settling of the credit interchange rates case. Analysts have an average target of $305 with short interest low at 1.8% of the float. Baird raised its target to $320 last week expecting a mild beat on results. Cowen started coverage at Buy with a $320 target as a durable high-margin business. V on the chart is nearing AVWAP off the October 2023 low at $267 as potential support though first volume support comes in closer to $262 and then the 200-MA at $255.8. V has resistance on a rebound at $276.50 and $281. V options are pricing in a 2.7% move on earnings and 30-day IV Skew at +2.1 compares to the 52-week average of +2.7. V put/call open interest ratio is at the 50th percentile and average IV30 crush is -19.9%. V has seen mixed flows with 2700 May $270 puts bought and 2000 January $270 puts bought but also size buys of June $285 and May $290 calls in open interest.

Trade to Consider: Long **V** April 26th (W) / May $280 Call Calendar Spreads at $1.40 Debit

Meta (META) will release earnings 4/24 after the close with the Street consensus at $4.32 EPS and $36.15B in Revenues (+26.2%) with Q2/FY24 seen at $4.75/$38.28B and $19.99/$158.54B implying 34.4% EPS growth and 17.5% revenue growth in 2024. META shares have closed higher four of the last five reports with a six-quarter average max move of 18.1%. META management sees the advertising business returning to better revenue growth with high margins. 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 $1.22 trillion market cap and trades 20.6X Earnings, 12.7X EBITDA and 28X FCF, attractive considering the strong durable growth outlook. Continued Reels monetization and broad-based contribution from other ad surfaces/products (i.e., Click-to-Message, Shop Ads) are driving upside. META's AI pipeline for both users and advertisers is robust, with more tools set to launch and scale throughout '24. Capital structure efficiency is improving with the initiation of a dividend and an additional $50B buyback authorization. Reels, Messaging, and AI driven ad improvements are still early, and could lead to positive product surprises & revenue momentum in 2024. Further, Meta could be biggest usage beneficiary on any TikTok limitations. Analysts have an average target of $530 with short interest low at 1.2% of the float. Truist raised its target to $550 last week on improving monetization trends. Stifel raised its target to $588 into earnings on an improving advertising environment. On the chart META sold off late last week below monthly value and 1-year VPOC. META has a large gap back to $400 from earnings last quarter with gap support near $453.50. META has upside resistance at $505 and $530. META options are pricing in a 7.3% earnings move and 30-day IV Skew at +2 compares to the +1.9 52-week average. META put/call open interest ratio is at the 98th percentile and average IV30 crush is -26.2%. META has some massive long-term bull positions in open interest but also seen some size buys of June $490 and July $510 puts more near-term. The May 10th (W) $480 calls 4500X worth $12M is a large near-term position.

Trade to Consider: Sell the **META** May $440/$430 Put Spreads for a $2.50 Credit (Bull Put Spreads)

Alphabet (GOOGL) will announce quarterly results 4/25 after the close with the Street looking for $1.51 EPS and $78.59B in Revenues (+12.6%) and Q2/FY24 seen at $1.68/$82.86B and $6.83/$342.35B implying 2024 revenue growth of 11.4% and EPS growth of 17.8% with 2025 seen at 10.5% and 15.2% respectively. GOOGL shares have closed lower five of the last six reports with a six-quarter average max move of 6.88%. 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 19.6X Earnings, 13X EBITDA and 27.6X FCF, also attractively valued with its excellent growth profile. Google Cloud's competitive vision and offering became clearer during Cloud Next. Checks suggest search stability and YouTube strength, plus the Leap Year/Easter benefit. Analysts have an average target of $166 with short interest less than 1% of the float. BAML expects questions on 1) Search usage/revenue impact from recent LLM integration, 2) Possible paid tier for AI-search, 3) Gemini image generation, 4) restructuring impact on expenses, 5) Capex outlook, and 6) CFO search. Truist raised its target to $170 last week on healthy engagement trends although Q2 commentary may be cautious with Macro concerns. Stifel raised its target to $174. Evercore added GOOGL to its tactical outperform list into earnings on constructive channel checks with three potential upside drivers near with the CFO search, dividend potential or a greater focus on costs. On the chart, GOOGL has showed impressive relative strength lately and closed last week above the 21MA after retesting monthly value. If shares lose that low at $152 there are supports at $150, $146 and finally the 200-MA lines up with lower monthly value at $137. GOOGL's next upside Fibonacci extension targets are at $167.20 and $177. GOOGL options are pricing in a 4.35% earnings move and 30-day IV Skew at +2.3% compares to the +1.9% 52-week average. GOOGL put/call open interest is at the 92nd percentile and average IV30 crush is -23.7%. GOOGL has some massive long-term call positions bought in OI at January $220 and January 2026 $260 strikes. GOOGL has also seen strong buying across May call strikes and June $175 OTM calls.

Trade to Consider: Long **GOOGL** April 26th (W) $155/$162.5 Call Spreads at $2.70 Debit

Microsoft (MSFT) will post earnings 4/25 after the close with the Street view at $2.83 EPS and $60.77B in Revenues (+15%) and Q4 seen at $2.88/$64.51B while FY25 seen at $13.36/$279.17B implying 14.7% EPS growth and 14.3% Revenue growth. MSFT shares have closed lower four of the last six reports with an average max move of 5.7%. 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. MSFT has a $2.96 trillion market cap and trades 29.8X Earnings, 23.3X EBITDA and 44X FCF, a bit rich for potential deceleration in growth. Azure and M365 strength will likely drive upside to estimates. Channel feedback suggests some uptick in Copilot activity, primarily in the pipeline, but also early adoption. Microsoft is viewed as the clear beneficiary of incremental AI spend with a net 38% of CIOs expecting it to be the top AI budget share winner over the next 3 years. Investments in Generative AI likely lead the more meaningful ramp in monetization against those investments, adding to incremental pressures on gross margins already expected to see headwinds from the integration of Activision Blizzard and the lapping of an accounting change around Server and Network Equipment Useful Life. Analysts have an average target of $462 and short interest is low at 0.75% of the float. BAML believes the next catalyst for Microsoft shares will be evidence that key AI-related product cycles are gaining traction via incremental growth metrics such as M365 Copilot users or via accelerating Commercial Office ASP. Citi with a $475 target sees a more positive PC backdrop against conservative guidance should yield room for upside across key performance indicators. Wells Fargo raised its target to $480 on strong cloud-trend checks and MSFT the best way to play AI. On the chart MSFT broke down under monthly value and 1-year VPOC last week to the 21-week support at $399. Below that level the 200-MA is down at $367.70 while $375 a key retest and volume support level. Upside resistance now comes in at $410, $421 and $430. MSFT options are pricing in a 3.4% earnings move and 30-day IV Skew at +3 compares to the +2 52-week average. MSFT put/call open interest ratio is at the 62nd percentile and average IV30 crush is -21.4%. MSFT has some large bull positions in June $460, August $480 calls and large short puts at June and September $405 strikes. MSFT has also seen large July $410 calls, Dec. 2026 $380 calls, June $405 calls and January $435 calls bought while May $430 calls been sold to open.

Trade to Consider: Long the **MSFT** May $400/$375/$350 Put Butterfly Spreads at $6.25 Debit

Disclaimer:

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