



BABA, DIS, DASH

Alibaba (BABA) will report earnings 5/13 before the open with the Street looking for \$0.22 EPS and \$27.5B in Revenues (+67.8%) and Q1/FY22 seen at \$0.32/\$33.48B and \$1.39/\$143.7B. BABA share have closed lower its last six reports with an average max move of 3.93%. The \$613B Chinese ecommerce and cloud leader trades 20.25X Earnings, 6.15X Sales and 23.35X FCF, attractive valuation compared to US counterparts and with a strong growth outlook, but overhands from Chinese regulations have persisted and been a headwind for shares. BABA could address its outlook for Ant Group on this call. Alibaba hosted a call at 8AM at 12 April 2021 to discuss the outcome of the regulatory investigation, and growth initiatives rooted in value creation for merchants and consumers as they move away from 2-for-1 exclusivity (on its Tmall and Taobao online shopping platforms). Analysts have an average target of \$315 and short interest now at 13.6% of the float has risen 19.2% Q/Q. Truist lowered its target to \$315 recently noting "top line performance will likely reflect strong consumer demand from China's improving economy, though its profitability will likely be impacted by higher spending on newer growth initiatives, particularly in lower-tier cities and in segments with lower online penetration including food/grocery." CLSA has a \$320 target noting that most regulatory and investment risks are now factored into the share price. Hedge Fund ownership fell 14% in the latest quarterly filings. On the chart BABA shares sit just above vital support, a move below \$220 sets up for a fall back to \$200. Shares have upside resistance levels at \$233, \$238 and \$247. BABA options are pricing in a 3.2% earnings move and 30 day IV Skew at +0.2 compares to the +1.3 52-week average. BABA has seen some call positioning in May 14th (W) options, but otherwise fairly mixed action. The October \$260 calls have over 12,000 in OI from some large buys and September \$220 puts been active with opening sales.

Trade to Consider: Long the **BABA** May 14th (W) \$225 Straddle for \$10



Disney (DIS) will announce results 5/13 after the close with the Street view at \$0.28 EPS and \$15.87B in Revenues (-12%), and Q3/FY21 seen at \$0.70/\$17.07B and \$2/\$68.88B. DIS shares have closed lower three of its last five reports with a six quarter average max move of 5.24%. The \$333B media giant trades 37X Earnings, 5.45X Sales and revenues seen rising 5.3% in 2021 and 25.9% in 2022 while EBITDA seen -9.2% and +75% respectively. DIS has invested heavily in its Disney+ streaming and has been very successful with strong subscriber numbers. With reopenings the Parks business is also likely to see a strong surge from pent-up demand. Disney has released several marquee pieces on the platform in recent months, including *Soul*, *WandaVision* and *Falcon and the Winter Soldier*. The slate is set expand to further expand, especially for Marvel content with series such as *Loki*, *What If?*, *Ms. Marvel*, and *Hawkeye*, along with eventual addition of 2021's Marvel theatrical release slate (*Black Widow*, *Shang-Chi*, *The Eternals*). Analysts have an average target of \$215 with short interest at 1.2% of the float. JP Morgan positive in March noting they expect parks to come back stronger from the pandemic as DIS has optimized the period of closure and limited capacity by making advancements in operations and consumer experiences. KeyBanc positive on 4/8 as they cite the high retention rates of subs to Disney+ which the firm thinks provides flexibility to reinvest in content and raise prices. Wells Fargo raised its target to \$219 on 4/20 and sees pricing power and margin expanding down the road from the DTC business. Hedge Fund ownership jumped nearly 9% in the latest quarter, notable concentrated holders include Lindsell Train, Third Point, D1 Capital, Matrix and Viking Global. On the chart DIS shares are forming a long consolidation with the rising 21-week moving average lending support, sitting just above a key \$181 support with \$173 the next key support on a break below. If shares can clear \$189 it opens up for a move back to \$200. DIS options are pricing in a 3.3% earnings move with 30-day IV Skew at +0.9 comparing to the +1.4 52-week average. DIS recently with some large October \$200 call buys, 14,000 October \$160 calls bought, and 20,000 June \$195 calls bought.

Trade to Consider: Long the **DIS** May \$185/\$190 Call Spreads at \$1.95 Debit



DoorDash (DASH) will report earnings 5/13 after the close with the Street expecting (\$0.26) EPS and \$993M in Revenues (+174%) while Q2/FY21 seen at (\$0.21)/\$863.7M and (\$0.91)/\$3.71B. DASH shares closed 1.57% higher despite the max move being 7.1% lower in its only earnings report as a public company. The \$40B delivery company trades 9.6X EV/Sales with revenues seen rising 25-30% annually the next three years and EBITDA seen down 18% in 2021. DASH has enjoyed impressive market share growth in restaurant delivery, expanding from 17% of the market in January 2018 to 55% currently. Analysts have an average target of \$175 with short interest elevated at 14.2% of the float. Needham out at Buy on 4-27 saying it expects "DASH to leverage its leadership position in restaurant delivery, likely solidified by the pandemic, to become one of the leading, horizontal, on-demand, last-mile fulfillment providers in North America. Ultimately, we expect Dash will be able to deliver all goods consumers need within an hour, have an expiration date, and/or are produced by a local vendor. Survey results suggest delivery adoption gains during the pandemic should be sticky and inform our above consensus GOV and revenue estimates." Durable Capital, Darsana, Lone Pine and Temasek notable large holders in DASH. On the chart DASH shares hit new lows last week and have a bearish trend. A bounce is likely to find resistance near \$145. DASH options are pricing in an 8.65% earnings move and 30-day IV Skew at +0.1 compares to the +0.5 52-week average. DASH has seen recent buyers of 3000 June \$90 puts, 1000 May \$105 puts, and some August puts but also seen sellers of puts across multiple May and August strikes.

Trade to Consider: Sell the **DASH** May \$150/\$145/\$110/\$105 Iron Condors for \$1.90 Credit



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