



ABNB, UBER, SQ, DASH

Airbnb (ABNB) will report earnings 5/3 after the close with the Street expecting (\$0.29) EPS and \$1.45B in Revenues (+63.8%) and Q2/FY22 seen at \$0.27/\$1.96B and \$1.27/\$7.88B. ABNB shares have closed higher each of its first five earnings reports with an average max move of 7.5%. ABNB is the leader in alternative travel accommodations and has a market cap of \$101B with shares trading 75.5X Earnings, 33X FY23 EBITDA and 47X FCF with consensus projections for 31.5% revenue growth this year and 20% CAGR thereafter while EBITDA seen growing around a 30% CAGR. ABNB is coming off of a strong quarter and guiding Q1 above consensus as improvements in their cost structure drive margin expansion and they expect to hit their first positive Q1 EBITDA in history. The company is benefitting from the recovery in travel volumes as well as trends towards urban areas and International should materially benefit the company. Long term stays continue to ramp, as they now account for 20% of room nights booked. Supply initiatives are working as ABNB sees growth vs 2019 in all regions where demand is returning. EBITDA flow through continues to be strong as all four operating expense lines came in lower than expected on an absolute basis (for the 3rd straight quarter) which speaks to the strength in the underlying business. Consumer travel behavior is also beginning to normalize as ABNB has seen lead times between the booking and stay normalize in 1Q. After introducing ~150 platform upgrades and innovations in 2021, management is committed to rolling out even more in 2022. Management is focused on three key areas of innovation: 1) making it easier for guests to live anywhere on Airbnb (drive demand), 2) unlocking the next generation of hosts (drive supply), and 3) Airbnb becoming the ultimate host (improve host and guest full experience). Analysts have an average target of \$200 with short interest at just 5.8% of the float. BTIG out on 4/11 seeing ABNB set to meet room-night guidance. On the chart ABNB has held up well compared to growth peers with shares closing last week near 1-year VPOC with key support at \$148, but below can test lower value near \$130. Shares did fail to clear the trend of lower highs and now back under key moving averages. ABNB options are pricing in an earnings move of 9.2% with 30-day IV Skew of +10.8 steep to the +2.5 52-week average. ABNB's put/call open interest ratio is at the 75th percentile and average IV30 crush is -16.5%. ABNB's largest open interest includes short puts at January \$170, June \$125, June \$115 and January \$140 strikes.

Trade to Consider: Sell the **ABNB** June \$150/\$145 Put Spread for a Credit of \$2.15 (Bull Put Spread)



Uber (UBER) will announce results 5/4 after the close with the Street view at (\$0.25) EPS and \$6.12B in Revenues (+111%) with Q2/FY22 seen at (\$0.18)/\$6.69B and (\$0.68)/\$27.46B. UBER shares have closed lower three of the last five reports with a six-quarter average max move of 7.35%. UBER has a market cap of \$64B and trades 22X FY23 estimated EBITDA and 2X FY23 EV/Sales with revenues seen rising 57% in 2022 and 20%+ the following two years while EBITDA forecasted to reach near \$5B in FY24 from \$1.29B forecast for FY22. UBER hosted an Analyst Day in February that laid out key themes that framed the opportunity set ahead for the company: 1) it remains in the early innings in terms of consumer/enterprise penetration on a global scale in the mobility, delivery & freight opportunities; 2) proof points have emerged coming out of the worst of the pandemic that are demonstrating the long-term incremental profit margins in their operations; 3) the cross-selling opportunity (especially its new Uber One subscription offering) presents a compelling long-term opportunity to drive engagement & attractive LTV/CAC; 4) the long term margin potential for the businesses signals a path to generating strong FCF conversion; & 5) Mgmt. has clear narratives on capital allocation with respect to scaling businesses (invest, build, partner) and is squarely focused on balancing capital structure and asset portfolio to drive long-term equity returns. 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 released an 8-K in March, raising its expectations for Q1 EBITDA from its prior guide of \$100M-\$130M to \$130M-\$150M speaking to sequential improvement in both Mobility and Delivery EBITDA. Analysts have an average target of \$56 and short interest is 4.2% of the float. MSCO lowered its target to \$68 and remains very bullish on the long-term opportunity. Stifel and Mizuho both recently out positive on some regulatory updates in NY and DC. On the chart UBER has held up the past week above support in the \$29/\$30 zone while the March low was near \$28. A move above \$34 can open up a run to \$38 while below \$29 likely targets \$26. UBER options are pricing in an earnings move of 10.25% and 30-day IV Skew at +9.3% compares to the +1.9 52-week average. UBER's put/call open interest ratio is at the 85th percentile and average IV30 crush is -18.5%. Recent UBER flow includes 5000 Jan. 2024 \$25 short puts, buyers in May \$34 calls and May 6th (W) \$32 calls and 15K June \$37.5 calls bought. UBER has 72,000 May \$32.5 calls in OI from buyer flow and on 2/11 September \$45 calls bought 20,000X while May \$30 calls also with 20,000 in OI from buyers in early March.

Trade to Consider: Long the **UBER** May \$32.5/\$35 Call Spreads at \$0.85 Debit



Block (SQ) will report results 5/5 after the close with the Street looking for (\$0.21) EPS and \$4.14B in Revenues (-18%) with Q2/FY22 seen at \$0.30/\$4.58B and \$1.25/\$18.78B. SQ shares jumped sharply by 26% last quarter on results but were lower three of the prior four and a six quarter average max move of 9%. SQ also has a key Investor Day scheduled for 5-18 as a notable catalyst. Square is a leading payments company that continues to expand product offerings to monetize recent growth with the addition of Square Card, Cash Card, Stock Brokerage, and other financial services. SQ also made a big push into BNPL with its \$29B deal for Afterpay. SQ is well positioned to benefit from Cash App's growing monetization from new product features (e.g., tax preparation, card spending, cash management, stock investing, Bitcoin) while enjoying ongoing user growth from the network effects of P2P payments, as well as Square's continued share gains within SMB acquiring. Cash App is particularly well positioned to improve monetization as it extends beyond P2P payments given its user base of relatively more underbanked individuals, which increases the likelihood of new product adoption. SQ's acquisition of Afterpay should generate synergies and integrate the Square and Cash App ecosystems through the addition of new consumers and merchants, as well as help to establish commerce & brand discovery features into Cash App while generating leads for merchants. SQ generates revenue through: (1) transaction-based revenue (27% of total SQ revenue in 2021), which is typically based on a percentage of GPV; (2) subscription and services-based revenue (15%), which is primarily generated from Instant Transfer fees from Square Sellers and Cash App users, interchange fees on Cash Card, and origination/servicing fees on Square Loans; (3) hardware revenue (1%), from the sale of SQ's point-of-sale & payment reader devices; and (4) bitcoin revenue (57%), which is recognized when customers buy bitcoin at the cost of sale. SQ noted on its last call "As we look ahead to 2022, beyond the first quarter, we believe Cash App's year-over-year gross profit growth rate will improve in the second half of the year compared to the first half as the comps become more favorable and as we introduce new product innovations across our commerce and financial services priorities and make pricing adjustments in certain areas. As we look at 2022, we expect to sequentially grow gross profit each quarter across Cash App and Square throughout the year, assuming the macroeconomic environment remains stable." SQ has a market cap of \$60.7B and trades 47X Earnings, 42X FY23 EBITDA and 2.5X FY23 EV/Sales. Forecasts expect SQ's GPV to grow at a 21% 4-yr CAGR through 2025 and revenue to grow at a 21% 4-yr CAGR. Analysts have an average target of \$175 with short interest elevated at 11% of the float. SIG lowered its target to \$160 last week with concerns on higher operating expenses. Gordon Haskett out with an interesting note on 4/18 regarding a Block Director exit may be forecasting a bigger move by Goldman into Fintech competing with SQ, possibly a deal for Affirm. On the chart SQ closed last week just above key \$99 support and below sets up for a move back to \$80 while \$110 and \$120 key upside levels. SQ options are pricing in an earnings move of 14% and 30-day IV Skew at +6.1 is off recent highs and compares to the +3.9 52-week average. SQ put/call open interest ratio is at the 23rd percentile and average IV30 crush is -13.5%. SQ recent flows include large opening sales in May 6th (W) \$114 and \$115 calls, a buyer of 4000 May \$105 puts, a buyer of 1000 Oct. \$100 puts, and a buyer of 1000 October \$105 puts. Largest OI is 18,500 Jan. 2024 \$110 short puts, 10K June \$120 calls bought 2/28, 10K June \$95 puts bought 3/23 and 11K June 2023 \$80 puts bought on 2/25.

Trade to Consider: Long the **SQ** June \$90/\$80 Put Spreads at \$3.30 Debit



Doordash (DASH) will announce earnings 5/5 after the close with the Street consensus at (\$0.41) EPS and \$1.37B in Revenues (+27.5%) and Q2/FY22 seen at (\$0.31)/\$1.44B and (\$1.23)/\$5.91B. DASH shares have closed higher each of its five earnings reports with an average max move of 16.5%. DASH's Marketplace enables merchants to establish an online presence and expand their reach by connecting them with millions of consumers and includes DashPass, a membership program. DASH's Platform Services business consists of Drive and Storefront and offers services to help merchants facilitate sales through their own channels. DASH continues to expand their platform as they see a huge opportunity in ecommerce and emerging verticals like grocery where they have a long runway. DASH also notably announced a deal for Finnish delivery firm Wolt Enterprises for €7B that lays the foundation for the company to gain massive global scale in more than 22 countries and accelerate their international growth initiatives. DASH's market-leading US restaurant business generates the highest EBITDA/order of any global peer. It drives EBITDA growth while also enabling DASH to reinvest in current/new growth vectors. DASH has a market cap of \$30.45B and trades 36X FY23 EBITDA forecasts and 3.3X EV/Sales. Forecasts see DASH's company-wide gross order value (GOV) to grow at an ~18% '21-'25 CAG and for EBITDA to grow at a ~57% '21-'25 CAGR reaching ~\$1.8bn in 2025. Analysts have an average target of \$160 on shares with short interest up 24% Q/Q to 4.6% of the float. MSCO recently started shares Neutral noting the attractive business but valuation is full and awaits a better entry. New Street with an interesting note on 4/6 calling for a DASH/LYFT merger. DA Davidson lowered its target in February on rising US competition and potential lower EBITDA near-term as it invests in the marketplace and expands internationally. On the chart DASH closed the week near lower value support at \$81 and nearing its March lows near \$74. Shares are clearly in a weak trend but a counter-rally would target \$96 and \$101 as key levels. DASH options are pricing in an earnings move of 16.7% with 30-day IV Skew at -1.1 comparing to the 52-week average of +2.1. DASH put/call open interest ratio is at the 57th percentile and average IV30 crush is -17.45%. Recent flows include a buyer of 1500 June \$80 puts, sellers of the June \$60 puts, and has seen May 6th (W) \$90 and \$70 puts bought for some size. Largest OI is a 12/3 trade has sold 2500 Oct. \$135 puts to open and 1/21 the January \$110 puts sold to open 1500X.

Trade to Consider: Sell the **DASH** June \$115/\$110/\$70/\$65 Iron Condors for a \$2.25 Credit

DoorDash, Inc., Daily, Nasdaq + Nyse BQT O 84.63 H 89.73 L 81.27 C 81.43 Period -3.78% Market closed



Disclaimer:

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