



COIN, U, DIS, ABNB, DASH

Coinbase (COIN) will report earnings 8/10 after the close with the Street expecting \$817M in EBITDA and \$1.78B in Revenues (+857%) while 2021 seen at \$3.06B in EBITDA and \$6.34B in Revenues. COIN shares were up as much as 5.85% in its debut report last quarter before closing 2.5% lower. The \$53.3B crypto exchange trades 49.3X Earnings, 17.8X EBITDA and 8.6X EV/Sales with revenues seen rising 396% this year before contracting 10.6% next year. COIN is seeing strong growth driven by increasing adoption of digital currencies and its business model thrives on elevated cryptocurrency volatility. COIN has plenty of opportunities to expand beyond the core business to driver other revenue streams. COIN can become a critical element of the financial infrastructure if the economy can transition to blockchain and crypto-native technology. COIN has grown its users at a 35% CAGR over the past 3 years, reaching 56mn in 1Q21 and 90% of revenues come from retail traders. COIN may look to expand into NFT, collateralized lending, staking and other ancillary services to drive subscription revenues over time. Transaction fees currently comprise 96% of revenues. The WSJ recently reported that COIN is teaming up with a 401(k) provider to offer crypto. COIN is facing some growing competition from decentralized exchanges. Analysts have an average target of \$380 and short interest is 2.6% of the float. Goldman started shares Buy with a \$306 target in May as a blue-chip way through which to invest in the development of the ecosystem. It also sees significant white space for new initiatives to drive more stable and recurring revenue streams to complement the core trading business over the longer term. Mizuho cautious last week lowering its target to \$210 noting analysis of trading volumes are subdued and sees Q3 expectations too high. OpCo has a \$44 target and expects a record quarter for trading volume, revenues, reified users and MTU. On the chart COIN shares were strong last week breaking out of a long bottoming base with upside targets at \$280.50 as VWAP since the IPO and a 38.2% retracement level at \$293. Support is at a retest of \$245 followed by strong support in the \$225-\$228 zone. COIN options are pricing in a 7.35% earnings move with 30-day IV Skew at 0 which compares to the +1 52-week average. COIN option flows have been bullish recently with buyers in October \$300 calls and September \$240 calls. COIN does have over 4000 August \$220 puts in OI from buyers and 3500 September \$210 puts. On 6/1 the January 2023 \$270/\$330 call spreads bought 2500X and followed 2500 of the \$280/\$350 call spreads on 5/19.

Trade to Consider: Long the **COIN** August \$270/\$300/\$330 Call Butterfly Spread at \$4 Debit



Unity Software (U) will report results on 8/10 after the close with the Street looking for (\$0.13) EPS and \$243M in Revenues (+31.9%) and Q3/FY21 seen at (\$0.11)/\$254M and (\$0.34)/\$1.01B. U shares closed lower last quarter by 0.35% after being up more than 9% intraday while closed 14% lower the previous quarter on its low and 12.8% prior in its debut report. Unity is a leading 'pick and shovel' play on gaming growth through their licensed game engine which is used to develop games, 3D content and other apps. Unity has a dominant market position with more than 50% of PC, mobile, and console games developed on the Unity platform and entering a multi-year period of strong visibility and growth with the new console launches late in 2020. Unity and its engine for creating real-time content is driving a structural shift in the way that video games are created. Unity is still in the very early days of extending its platform into non-gaming verticals, adding more option value for long-term growth. Beyond gaming, Unity is seeing rapid adoption in the architecture and automotive verticals and to a lesser degree in film. Unity does well relative to the host of competitors because of its heavy ongoing investment in R&D as well as the strength of its partnerships with a variety of gaming platforms. U currently has a market cap of \$30.8B and trades at a premium valuation of 28X EV/Sales with revenues seen rising 25-30% consistently the next three years. Unity is still in the very early days of extending its platform into non-gaming verticals. Analysts have an average target of \$123 with short interest at 8.2% of the float. OpCo raised to Outperform on 5/14 after strong Q1 results. Analysts have been quiet the name the last two months. Hedge Fund ownership fell 4.5% in the latest quarter, a top 12 holding for Ark. On the cart U shares have formed a long inverse head and shoulders bottoming pattern and above \$111 measures to a target of \$138. U is at a critical juncture sitting just under VWAP from its IPO and off the late 2020 highs, so clearing \$109/\$112 zone is important. The \$100 level is YTD VPOC as support that aligns with VWAP off the lows near \$99 while also being a 38.2% retracement, followed by a 50% retracement at \$95 and 61.8% at \$91. U options are pricing in a 7.2% earnings move with 30-day IV Skew at +0.4 which compares to the -1.5 52-week average. U has recently seen a surge in bullish options activity including August \$125 far OTM calls bought 5000X, the August \$145 calls with 2500X bought and still has size in August \$100, \$105, \$110 and \$115 calls from heavy buying in May. U does have some negative positioning in October with the \$120 and \$140 calls each sold to open while \$90 and \$80 puts have been bought and December \$125 calls are short 3500X in OI.

Trade to Consider: Long the **U** August \$110/\$120 Call Spreads at \$2.50 Debit



Disney (DIS) will release results 8/12 after the close with the Street expecting \$0.55 EPS and \$16.76B in Revenues (+42.3%) and FY21 seen at \$2.36/\$67.68B. DIS shares have closed lower the last two reports and 7 of the last 10 with a six quarter average max move of 5.2%. The \$320B media & entertainment leader trades 35.65X Earnings and 5.5X Sales with revenues seen accelerating to 26% growth in 2022 as the Media/Parks recovery takes hold and EBITDA seen rising 59% after lapping some major investments into Disney+. DIS fell last quarter after their outlook for Disney+ subs and content costs came in soft, albeit expected. They kept their long-term outlook however and continue to invest in content that will create a strong moat versus peers like Netflix, Warner, and others. On July 2, The Information reported Disney+ had just over 110M total subs late as of late in the company's F3Q (which ended July 3), up from 103.6M at the end of FQ2. The primary focus of F3Q's results for DIS will be on management's outlook for sub growth in F4Q with the launch of Star+ in Latin America on August 31 along with the pacing of the recovery in the company's global theme park and resorts business. Analysts have an average target of \$210 with short interest low at 1.2% of the float. Tigress out positive on 7/14 seeing shares reaching \$227 over the next twelve months encouraged by the recovery in core businesses and strength of its DTC business. Hedge Fund ownership fell 7.75% in the latest quarterly filings. On the chart DIS shares have been basing for weeks just above its rising 200-day moving average which has been supportive. A move below \$171 would be a significant breakdown and would target a 38.2\$ retracement back to \$155.50. DIS needs to clear \$180 for a base breakout and has VWAP off high resistance near \$182.3 followed by \$188 resistance. DIS options are pricing in a 2.85% earnings move with 30-day IV Skew at +1.5 which compares to the +0.8 52-week average. DIS has seen some mixed flows but did see 15,000 October \$160 calls bought on 4/8 and 11,500 Jan. 2023 \$190 calls bought on 6/23.

Trade to Consider: Long the **DIS** August \$177.5/\$170 Put Spreads at \$2.75 Debit

Walt Disney Company (The), Daily, Nasdaq + Nyse BQT O 177.43 H 178.81 L 176.63 C 177.13 Period -0.17% Market closed

Expand indicator list



Airbnb (ABNB) will announce earnings on 8/12 after the close with the Street expecting (\$0.48) EPS and \$1.25B in Revenues (+274%) and Q3/FY21 seen at \$0.37/\$1.94B and (\$1.99)/\$5.47B. ABNB shares have closed higher each of its two earnings reports since its debut at +13.3% and +4%. The \$92.8B leader in alternative accommodations trades 16X EV/Sales with revenues seen rising 62% in 2021 and 28% in 2022 while also returning to profitability this year though trading 73X FY22 EBITDA. Alternative accommodations and private rentals are still just a tiny fraction of a massive lodging industry and with my view that leisure travel rebounds more strongly than business travel, it puts ABNB in prime position to capture more market share. 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. Sensor Tower data shows Airbnb downloads in July grew 28% y/y (vs up 37% y/y in June) and were up 12% m/m. Airbnb DAU increased by 4% y/y in July (vs up 3% y/y in June) and up 14% m/m. Analysts have an average target of \$175 with short interest at 8.4% of the float, down 29% Q/Q. KeyBanc upgraded to Overweight with a \$180 target last week seeing a major reversion cycle with favorable market conditions and its direct traffic and unit economic advantages to peers. BTIG upgraded to Buy on 7/22 with a \$170 target as a best of breed OTA with the most compelling models. Hedge Fund ownership jumped 550% in the latest quarterly filings, Durable Capital adding to its holding. On the chart ABNB put in a nice double bottom at \$130 and the recent push higher as come with strong RSI and Accumulation though now sits just under VWAP off high resistance. ABNB needs to clear \$151 with minor resistance above at \$154.50 and then looking at retracement levels of \$164.25 and \$175 while \$178 is the base breakout measured move target. On weakness \$142.65 a key level to hold or shares can slip to \$137 and then back to \$129.45. ABNB options are pricing in a 5.5% earnings move with 30-day IV Skew at 0 which compares to the -1.4 52-week average. ABNB last week with 1000 August \$149 calls sold to open and also saw 1000 October \$145 puts bought while 20,000 short August \$155 calls sit in open interest from a trade on 7/20.

Trade to Consider: Sell the **ABNB** August \$160/\$155/\$135/\$130 Iron Condor for a \$1.95 Credit



DoorDash (DASH) will report results on 8/12 after the close with the Street view at (\$0.21) EPS and \$1.08B in Revenues (+60%) and Q3/FY21 seen at (\$0.27)/\$997M and (\$0.98)/\$4.23B. DASH shares have closed higher by 1.57% and 22.14% its two earnings reports since the IPO. The \$59.1B company trades 12.9X EV/Sales with revenues seen rising 46.6% in 2021 and 21.8% in 2022 and profitability really starting to ramp in 2022. DASH considers itself a local-logistics leader addressing consumers' needs in a convenience driven economy. DoorDash offers a local logistics platform, providing business enablement and demand fulfillment services to merchants, primarily restaurants, and on-demand services to customers. Through its marketplace, the company provides a number of services including customer acquisition, delivery, insights and analytics, merchandising, payment processing, and customer support. It has a dominant moat in restaurants but also has a large opportunity to expand in ecommerce. DASH has enjoyed impressive market share growth in restaurant delivery, expanding from 17% of the market in January 2018 to 55% currently. DASH also has seen success with its subscription service, DashPass and Bloomberg reported in April that the company is looking at M&A targets in Europe. DASH has very low penetration in categories it is looking to expand leaving a massive untapped opportunity. SensorTower data shows app downloads stabilized and grew M/M in June and July though DAUs saw Y/Y declines in July. Analysts have an average target of \$180 with short interest elevated at 11% of the float. Gordon Haskett last week started shares Buy with a \$206 target as a long-term play on a secular change toward convenience and sees upside to estimates and international expansion as well as expansion into adjacent markets. Wells Fargo raised its target to \$215 from \$175 on 6/29. Hedge Fund ownership jumped more than 19% in the latest quarterly filings, a #1 holding for Coatue and both Tiger Global and Lone Pine added to large positions. On the chart DASH shares sit just under 61.8 Fibonacci and volume resistance at \$183.25 and above can run back to \$200+. DASH does exhibit bearish RSI divergence into this push higher. DASH has minor support at \$175 followed by the 55-MA at \$166.75 and a retest move back to \$156. DASH has a collection of key VWAP supports in the \$154-\$159 zone as a dip buy area. DASH options are pricing in an 8.5% earnings move with 30-day IV Skew at 0 which compares to the +0.5 52-week average. DASH recently with a buyer of 1000 February \$230 calls and Aug. \$190 calls bought 4000X on 7/19. On 7/30 the August \$200 calls sold to buy the \$170/\$150 put spreads 2500X which may be protective.

Trade to Consider: Sell the **DASH** August \$205/\$200/\$155/\$150 Iron Condor for \$1.45 Credit



Disclaimer:

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