



## Bulls Position for Take Two New Highs Over Next 6 Months

**Ticker/Price:** TTWO (\$125.70)

### Analysis:

**Take Two (TTWO)** with spreads on 9/23 that sold 1000 March \$115 puts to buy the \$135/\$155 call spreads and we previously saw 750 March \$135 calls bought with the \$115 puts sold, accumulating bullish positioning. TTWO also still has size bullish positions in January 2020 open interest. TTWO shares have been consolidating the last few weeks after a strong push higher in videogame names and forming a large weekly cup and handle pattern, though weekly MACD is nearing a bear crossover. A move back above \$131 would negate that and set up for a run to \$150 or higher. The \$14.23B Company is trading 25.5X Earnings, 5.05X Sales and 15.8X FCF with a strong balance sheet. TTWO forecasts see modest topline growth in 2020 and 2021. TTWO released a PR yesterday noting Borderlands 3 sold 50% more copies in the first five days compared to the prior edition, and 70% delivered digital, a big theme across the industry. SunTrust out this morning noting sales tracking in-line with expectations and the digital mix is a positive. TTWO is actively investing in emerging platforms like Mobile as well as in streaming, China/Asia, and eSports. It has an industry-leading portfolio of titles and sees continued margin expansion. Analysts have an average target of \$136 on shares and short interest near the low-end of its three year range. OpCo and Benchmark recently raised targets to \$145. OpCo came away more positive on industry fundamentals and notes growing recurring revenues, in-game rewards, and TTWO's strong track record. Hedge Fund ownership fell nearly 20% in Q2 filings, though Melvin Capital took a new position and Alyeska added to a position, two smart firms. Eminence and Jackson Square notable top concentrated holders each reduced positions modestly.

### Hawk Vision:



**Hawk's Perspective:** TTWO flows are looking good and like the fundamentals in the group, recently caught a big move in ATVI. With positioning for March there is time to be patient here and wait for a better set-up.

**Confidence Ranking:** \$\$