



Uber Calls Accumulate as Potential Bottom in Place into 2020

Ticker/Price: UBER (\$29.35)

Analysis:

Uber (UBER) early action seeing 6000 March \$35 calls bought \$1.10 offer, OI at 9,237. **UBER** also with 3000 June \$29 calls opening \$4.30 in a stock replacement today and options flows have leaned strongly bullish since the start of November with both call buys and put sales through June 2020 expirations. The flow sentiment shift has come with shares recently putting in a bullish 8/21 EMA crossover and flagging under its falling 55 day moving average while the post-IPO downtrend can be broken on a move above \$30.50 and cause a key trend inflection. UBER shares are down 29% YTD and now trades 4.2X EV/Sales with revenue growth seen accelerating to above 30% in FY20 as the ride-sharing theme continues to be an emerging megatrend. UBER's CEO bought 250,000 shares at \$26.75 on 11/18 worth over \$6.5M. UBER is coming off a quarter where it beat estimates and noted continued category leadership, greater financial discipline, and an industry-wide shift towards healthier growth are already having on our financial performance. Analysts have an average target at \$44 and short interest low at 4.9% of the float down 30% over the last month. On 10/25 Guggenheim started coverage at Buy with a \$40 target seeing a more benign competitive environment and potential EBITDA starting as early as 2021 while rising prices in the US can fuel a strong 2H, seeing UBER at a potential turning point. Stifel upgraded shares to Buy with a \$34 target on 11/22 noting new key developments such as the ridesharing market (particularly in the U.S.) experienced faster-than-expected competitive rationalization, Uber demonstrated an accelerated path to profitability and set a formal 2021 profitability target, take rates improved, better segment-level disclosure leaves us more constructive on the core Rides fundamentals, management has communicated a willingness to exit losing parts of the business (Eats in lower- market share markets) in 12-18 months, valuation has reset to a level with better risk / reward, and the IPO lockup expiration has passed. Cowen out earlier this week with a \$60 target seeing a muted impact from the news in London on its private hire operator license and expects an appeal and favorable outcome. MSCO with a \$55 target this week and calls it a top pick for 2020. Hedge Fund ownership fell 17.5% in Q3 filings, Altimeter Capital adding 11.4M shares and now 10.4% of its portfolio, while Viking Global also added to its position.

Hawk Vision:



Hawk's Perspective: UBER looks better with multiple headwinds abating into 2020, and above \$30.15 triggers a breakout past its 50 MA, solid reward/risk versus \$27.50.

Confidence Ranking: \$\$