



FEATURED OPTIONS RADAR REPORT



Sea Bulls Active at New Highs

Ticker/Price: SE (\$137.5)

Analysis:

Sea Limited (SE) with 1340 August \$150 calls bought \$3.70 to \$4.50 to open today and later 1,500 January \$110 puts sold to open for \$9.25 in a stock replacement. SE had 1,500 September 4th (W) \$145 calls bought for \$6 yesterday to open and name which has drawn steady bullish flow since mid-June. Shares triggered out of a nice bull wedge last week and run a lot recently up to new highs with a pullback in focus back to \$120 and the rising 10-week down around \$109.50. The current breakout targets \$160 on a move higher, so plenty of room for upside. The \$62B company trades 23.5X cash and 24.5X sales with near 40% annual growth expected through FY22. SE has a wide-ranging scope with exposure to gaming, payments, and e-commerce and all seeing significant growth during the pandemic in 2020 with 48%+ growth in users and over 100% growth in orders across Shopee. SE has built a huge base of customers and now focus turns to monetization efforts which should accelerate sustainable profitability and topline growth despite any volatility in the macro outlook. SE reports next on 8-18 and higher five of the last six. Analysts have an average target for shares of \$78.50 but a Street High \$138 from Citi on 7-8. The firm thinks Lockdowns in Southeast Asia during the past few months have sped up online shopping adoption and accelerated orders and gross merchandise volume growth at Shopee while for the gaming business, the stay at home measures have attracted new and existing users that has translated to grossing improvement for Free Fire. The firm thinks the pull-forward in user growth is structural and should lead to further demand and expansion in the coming quarters. Short interest is 5.7% and down from around 7% in early July. Hedge fund ownership fell 22.5% in Q1, Lone Pine a big seller of 6.1M shares and Sachem Head out of 2M shares.

Hawk Vision:



Hawk's Perspective: SE is one the top growth names in the market, positioned in great growth categories, the recent dip provides some alerts and hard to chase now, but a name to own on pullbacks.

Confidence Ranking: \$\$