



FEATURED OPTIONS RADAR REPORT



Electronic Arts Calls Adjust for More Upside

Ticker/Price: EA (\$141.7)

Analysis:

Electronic Arts (EA) with 1100 March \$145 calls opening \$13.45 to \$13.95 as January calls adjust, a sizable position and 1200 January 2022 \$135 calls from a trade on 7/20 are open as well. EA shares have rallied strong since March with video-game engagement rising during the lock-downs and shares currently in a rising trend but a choppy few weeks. EA has long screened as the best value in the space and trades 24.2X Earnings, 7.25X Sales and 22.2X FCF with a strong cash-rich balance sheet. EA forecasts see FY21 as a year with 8% top line growth and 15% bottom-line growth. EA has been mentioned as a potential buyer of the Warnings Brothers gaming unit at around \$4B as AT&T looks to sell it. Analysts have an average target of \$150 and short interest low at 1.6% of the float and diving recently. OpCo raised its target to \$150 in July noting The Sims has been a cultural phenomenon and sees plenty of potential. EA has seen the lack of real sports push people to FIFA and Madden, the latter launching its new season later this month and the new FIFA in December 2021. Needham raised its target to \$165 last week as it pivots to annuity revenue streams. MKM raised its target to \$160 after EA beat across all metrics. Hedge Fund ownership fell 12.5% in Q2 filings.

Hawk Vision:



Hawk's Perspective: EA looks solid along with the rest of the group though ATVI been preferred play with its strong titles and consistent bullish options.

Confidence Ranking: \$\$