



FEATURED OPTIONS RADAR REPORT



Large Call Buys in Snap as New Highs Near

Ticker/Price: SNAP (\$25.50)

Analysis:

Snap (SNAP) early buyers of 2000 November \$27 calls near \$2 and now approaching 23,500 in the opening hour. SNAP also seeing over 20,000 January \$27 calls trade this morning looking to add to open interest. SNAP has seen a good amount of bullish positioning lately with size buyers in October \$23 calls and June 2021 \$35 calls. It has also seen size November \$21 puts bought tied to stock. SNAP shares showing strength recently with the 55 MA supportive and approaching its Summer highs, and starting to work out of a weekly bull flag. The \$38.2B company trades 12X FY21 EV/Sales with revenues seen rising 27.5% this year after 45% growth last year and acceleration to 38% growth in 2021. SNAP has been in focus with the TikTok news and The Information reported that SNAP and Facebook considered a deal for TikTok competitor Dubsmash while SNAP is also adding similar features as TikTok. SNAP has a community of 229M daily active users, a number that grew 20% Y/Y in Q1, and on average spending 30 minutes per day on the platform. It is a platform most popular with Millennials and Generation Z which have combined \$1 Trillion spending power and why advertisers want to target those groups. SNAP considers Communication, Camera, and Content its three core platforms and has invested a lot in its AR platform. ARPU is a key metric that has shown consistently strong growth. SNAP has built a clear path to profitability and nearing positive FCF inflection. Analysts have an average target of \$26.50 and short interest at 7.3% of the float is hitting a new low and down 20% Q/Q. Keybank started Overweight on 9/14 with a \$29 target positive on improved product and advertising efforts seeing margin expansion as it scales. OpCo raised its target to \$28 on 7/22 noting its Q2 performance was best of digital advertising companies. Hedge Fund ownership rose 5.5% in Q2 filings, Edgewood a notable \$1.5B stake.

Hawk Vision:



Hawk's Perspective: SNAP is a name I continue to favor with impressive growth and metrics and the TikTok fears were overblown.

Confidence Ranking: \$\$