



FEATURED OPTIONS RADAR REPORT



DraftKings Seen Sustaining Momentum Over Next 6 Months

Ticker/Price: DKNG (\$51)

Analysis:

DraftKings (DKNG) recent pullback and share offering seeing a confident trade here sell 1000 May \$50 puts to open for \$12.60. DKNG has become very popular to trade in the options market and most of the open interest distribution is bullish including 5000 October 23rd (W) \$60 puts sold to open last week into weakness. DKNG has seen size buys in November \$55 calls, March \$70 calls and January 2022 \$85 calls over the last three weeks while major OI remains in October \$50 and \$55 calls. DKNG has put in a 38.2% retracement of the move off the July reversal candle to new highs recently and the 8 week EMA held last week on the lows. The \$18.2B leader in sports betting and iGaming has thrived with the return of sports and been showing impressive customer metrics, now trading 23.6X FY21 EV/Sales. DKNG will next report in mid-November and also set to speak at a Deutsche Bank Conference on 11-19. DKNG outlined the industry and long term vision well at the March Analyst Day, a \$70B Sportsbook TAM and \$40B iGaming TAM. DKNG is a leading brand with great marketing and continues to sign key partnerships while the industry in the US remains in early innings with strong regulatory tailwinds. Analysts have an average target of \$55 and short interest is 7.7% of the float. CSFB started shares Outperform today with a \$76 target seeing upside to estimates, higher market share, further legalization and margin expansion as catalysts. Needham started at Buy recently with a \$70 target seeing a \$42-\$58B opportunity for sports betting in the US and expects DKNG to regularly beat consensus numbers. DKNG recently priced 32M shares at \$52, strengthening its balance sheet. Hedge Fund ownership surged 550% in Q2 filings, Disney with a \$320M stake.

Hawk Vision:



Hawk's Perspective: DKNG remains the top way to participate in a sports betting market theme we have been highlighting for over a year and think it is a name that will continue to outperform agnostic to valuation looking at the broader opportunity.

Confidence Ranking: \$\$