

## SPOTLIGHT OPTION TRADE



### Dropbox Size Bull Open Interest, Inverted Skew, Attractive Value at Optimal Level

#### TRADE SNAPSHOT

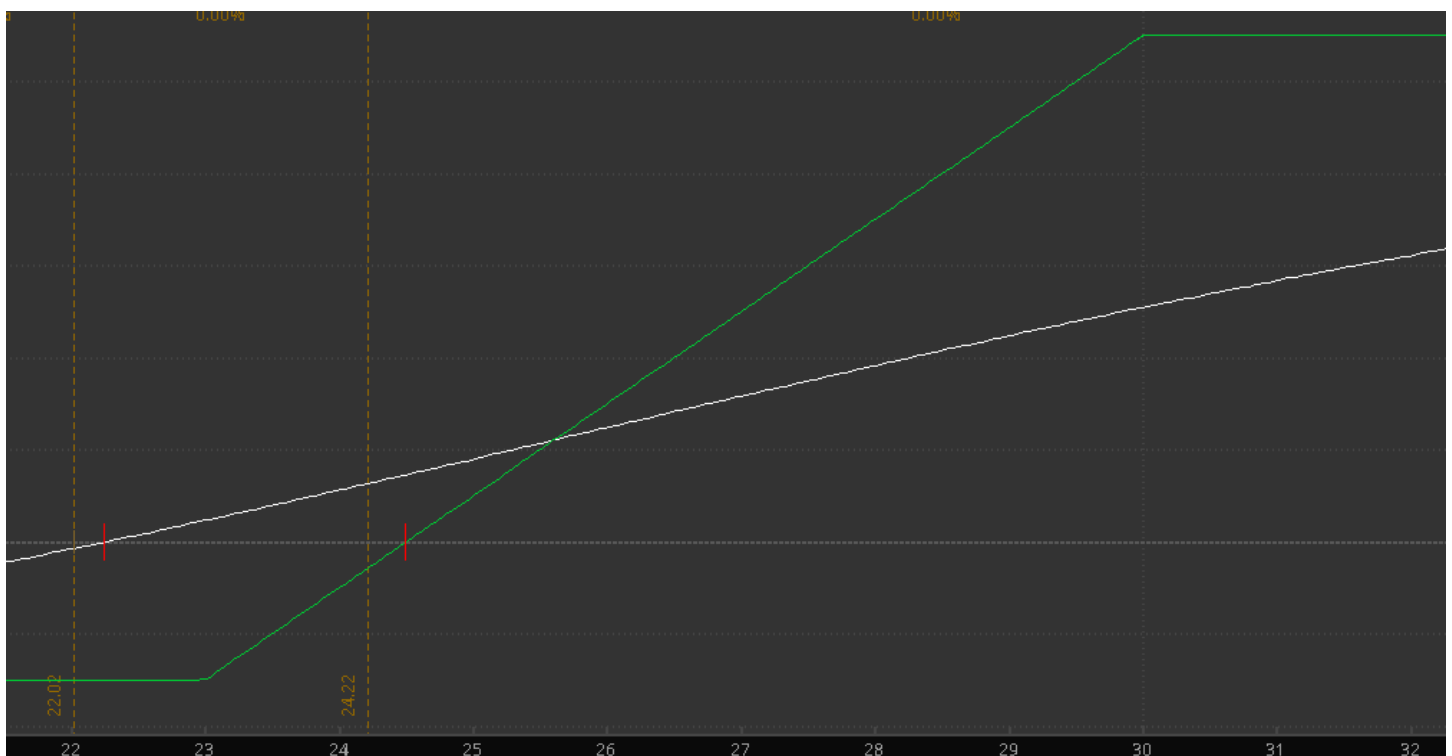
TICKER	DBX
SECURITY	Dropbox
SECTOR	Tech – Software – Collaboration
CURRENT PRICE	\$22
LONG/SHORT	Long
TARGET	\$30+
STOP	\$20.50
TIMEFRAME	3 Months

**Trading Strategy:** Long the **DBX** April \$23/\$30 Call Spreads \$1.50 or Better

**Net Debit/Credit:** Debit \$1.50

**Profitability Zone:** DBX Above \$24.50 on April OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** DBX shares have pulled back from a recent surge and back to a key retracement zone, VWAP from the November low, and just above the rising 200 day moving average, so an ideal entry point for a name seeing a lot of bullish positioning.



**Fundamental Analysis:** The \$9B collaboration software company trades 4X FY21 EV/Sales, 21.7X Earnings and 18.3X FCF and we have seen Slack, Wrike, and Workfront acquired in recent deals for its peers. DBX sees revenues growing 10.6% in 2021 and EBITDA by 18% after 15%/50% growth respectively expected for 2020 with a quarter to go. DBX is expanding its reach launching a smart workspace and also owns HelloSign which competes with DocuSign (DOCU). DBX is undergoing changes under new management that is focusing on margin expansion, and successfully thus far. DBX has more than 600M registered users and operates an open ecosystem allowing for linked third-party applications. DBX is working on transitioning more users to paid memberships, upselling current members and expanding products such as its Vault, Backup and Passwords products. DBX currently has 12% operating margins with a long-term outlook of 28-30%. DBX sees itself doubling FCF by 2024, a CAGR of 20% and wants to allocate capital to M&A. Analysts have an average target of \$28 and short interest is 7.5% of the float. Canaccord cautious on 1/14 after the COO stepped down and DBX reduced its headcount and questions growth sustainability. JPM on 11/6 calling shares undervalued and has a \$29 target. Hedge Fund ownership was down 5% in Q3 filings.

**Options Activity:** DBX has seen significant call accumulation April and July and 30-day IV Skew at -4.5% remains sharply inverted.

A	B	C	D	E	F	G	H	I	J	K	L	M
Date	Description	Volum	Open.In	Price	Delt	Impl Vo	Prob.ITM	Premium Pai	Symbol	Current Price	Current OI	Price Change
1/22/2021	DBX 100 16 JUL 21 27 CALL	2,912	1,121	\$2.03	0.386	58.06%	24.46%	\$591,136	.DBX210716C27	\$2.03	3447	0.00%
1/20/2021	DBX 100 (Weeklys) 5 FEB 21 23 CALL	1,364	313	\$0.78	0.43	54.27%	38.59%	\$109,120	.DBX210205C23	\$0.61	2730	-21.79%
1/15/2021	DBX 100 16 JUL 21 32 CALL	5,284	139	\$1.14	0.25	58.98%	13.88%	\$602,376	.DBX210716C32	\$1.13	5422	-0.88%
1/15/2021	DBX 100 16 JUL 21 28 CALL	5,116	1,398	\$1.91	0.37	60.00%	22.37%	\$977,156	.DBX210716C28	\$1.85	7571	-3.14%
1/15/2021	DBX 100 16 APR 21 29 CALL	1,021	816	\$0.90	0.25	63.02%	16.09%	\$91,890	.DBX210416C29	\$0.83	4369	-7.78%
1/15/2021	DBX 100 (Weeklys) 29 JAN 21 24.5 CALL	2,263	707	\$0.36	0.22	60.49%	18.64%	\$81,468	.DBX210129C24.5	\$0.14	1901	-61.11%
1/13/2021	DBX 100 16 APR 21 19 PUT	10,208	2,068	\$1.10	-0.24	58.84%	34.35%	\$1,153,504	.DBX210416P19	\$1.05	15773	-4.55%
1/13/2021	DBX 100 (Weeklys) 22 JAN 21 22 PUT	2,451	190	\$0.62	-0.35	65.17%	38.61%	\$151,962	.DBX210122P22	\$0.00	0	-95.16%
1/12/2021	DBX 100 19 FEB 21 23 PUT	1,311	558	\$1.33	-0.42	56.97%	49.19%	\$174,363	.DBX210219P23	\$2.05	2231	54.14%
1/12/2021	DBX 100 16 JUL 21 28 CALL	1,235	373	\$2.28	0.41	55.77%	26.63%	\$281,580	.DBX210716C28	\$1.85	7571	-18.86%
1/8/2021	DBX 100 (Weeklys) 22 JAN 21 24 CALL	6,598	3,031	\$0.45	0.299	56.50%	26.15%	\$296,910	.DBX210122C24	\$0.00	0	-97.78%
1/7/2021	DBX 100 16 APR 21 24 CALL	2,622	3,361	\$1.88	0.46	53.94%	35.11%	\$492,936	.DBX210416C24	\$1.82	11473	-3.19%
1/7/2021	DBX 100 (Weeklys) 22 JAN 21 24 CALL	8,035	1,003	\$0.48	0.31	54.46%	27.43%	\$385,680	.DBX210122C24	\$0.00	0	-97.92%
12/31/2020	DBX 100 16 APR 21 30 CALL	10,678	17,686	\$0.76	0.22	59.24%	13.55%	\$811,528	.DBX210416C30	\$0.72	25391	-5.26%
12/31/2020	DBX 100 16 APR 21 25 CALL	2,234	4,346	\$1.63	0.4	55.73%	29.25%	\$364,142	.DBX210416C25	\$1.55	10102	-4.91%
12/30/2020	DBX 100 16 APR 21 20 PUT	2,045	1,194	\$1.05	-0.27	46.20%	36.17%	\$214,725	.DBX210416P20	\$1.41	3326	34.29%
12/24/2020	DBX 100 19 FEB 21 26 CALL	3,987	276	\$1.70	0.45	58.20%	36.05%	\$677,790	.DBX210219C26	\$0.43	10941	-74.71%
12/22/2020	DBX 100 19 FEB 21 25 CALL	1,207	415	\$2.10	0.53	54.29%	44.00%	\$253,470	.DBX210219C25	\$0.60	5911	-71.43%
12/21/2020	DBX 100 16 APR 21 28 CALL	3,186	649	\$1.27	0.33	52.12%	22.84%	\$404,622	.DBX210416C28	\$0.93	15128	-26.77%
12/14/2020	DBX 100 16 APR 21 25 CALL	1,047	3,100	\$2.17	0.47	51.11%	35.88%	\$227,199	.DBX210416C25	\$1.55	10102	-28.57%
12/11/2020	DBX 100 21 JAN 22 32 CALL	1,310	263	\$2.21	0.34	41.37%	19.81%	\$289,510	.DBX220121C32	\$1.99	2075	-9.95%
12/11/2020	DBX 100 16 JUL 21 20 CALL	19,029	2,619	\$4.65	0.861	25.63%	81.18%	\$8,848,485	.DBX210716C20	\$4.45	9997	-4.30%
12/10/2020	DBX 100 20 JAN 23 10 CALL	2,838	244	\$12.75	0.9	63.63%	63.75%	\$3,618,450	.DBX230120C10	\$13.32	5537	4.47%
12/9/2020	DBX 100 16 APR 21 22 CALL	2,237	13,205	\$2.01	0.5	47.44%	38.60%	\$449,637	.DBX210416C22	\$2.54	12261	26.37%
12/9/2020	DBX 100 16 APR 21 21 CALL	2,215	14,786	\$2.37	0.56	46.78%	45.12%	\$524,955	.DBX210416C21	\$3.05	6860	28.69%
12/8/2020	DBX 100 16 JUL 21 20 CALL	1,607	1,214	\$3.62	0.63	48.20%	48.32%	\$581,734	.DBX210716C20	\$4.45	9997	22.93%
12/4/2020	DBX 100 16 JUL 21 22 CALL	1,233	398	\$2.40	0.496	49.00%	34.65%	\$218,440	.DBX210716C22	\$3.70	2824	54.17%
12/1/2020	DBX 100 16 APR 21 22 CALL	4,384	3,716	\$1.59	0.43	47.46%	32.38%	\$697,056	.DBX210416C22	\$2.54	12261	59.75%
11/30/2020	DBX 100 16 APR 21 23 CALL	10,198	3,744	\$1.15	0.35	46.64%	25.17%	\$1,172,770	.DBX210416C23	\$2.15	12777	86.96%
11/27/2020	DBX 100 20 JAN 23 20 CALL	3,006	1,996	\$5.60	0.637	52.05%	34.03%	\$1,683,360	.DBX230120C20	\$7.50	6888	33.93%
11/27/2020	DBX 100 20 JAN 23 15 CALL	307	46	\$7.99	0.767	52.99%	48.09%	\$245,293	.DBX230120C15	\$10.00	868	25.16%
11/25/2020	DBX 100 16 JUL 21 16 PUT	1,772	33	\$1.23	-0.27	41.85%	38.86%	\$217,956	.DBX210716P16	\$0.92	2849	-25.20%
11/24/2020	DBX 100 20 JAN 23 20 CALL	1,029	844	\$4.50	0.59	47.93%	32.05%	\$463,050	.DBX230120C20	\$7.50	6888	66.67%

**Potential Catalysts:** Earnings mid-February

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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