



FEATURED OPTIONS RADAR REPORT



Option Trades See Better Risk-Reward in Top Media Name

Ticker/Price: (\$136.5)

Disney (DIS) shares off to a weak start to the year down more than 11% but starting to see some bullish activity including spreads on 1/24 that sold the April \$115 puts to buy the \$140/\$155 call spreads 2000X. DIS also with a buyer of 1000 February \$130 calls for \$1M on 1/21, 2000 September \$105 calls on 1/18 for \$10M, and recent accumulation of March \$145 calls with more than 5000 now in open interest. DIS also has 10,500 January 2024 \$155 calls in open interest from buyers in December. DIS shares have been hit hard and recently broke under VWAP from the March 2020 lows but at an interesting level as it attempts to hammer this week after nearly filling a major gap from its move in November 2020 while the \$116 level a much stronger volume node of support. The \$126.60 level is a 61.8% Fibonacci of the 2020/2021 range. DIS is a diversified worldwide entertainment company with operations in two segments: Disney Media and Entertainment Distribution (DMED) and Disney Parks, Experiences and Products (DPEP). DIS currently has a market cap of \$269B and trades 24.8X Earnings, 21X EBITDA and 4X Sales with revenues seen jumping 23.5% in 2022 and 12% in 2023 with EBITDA rising 36.2% and 28% respectively. DIS will next report results on 2/9 and topped 100M subscribers for Disney+ back in November. Disney boasts a portfolio of iconic global brands and franchises that stands apart from the competition and has an opportunity for its streaming service to double the customer base, triple the revenues, and break-even by '24. Analysts have an average target of \$200 with short interest low at 1.4% of the float. Guggenheim cut its target to \$165 on 1/14 noting a slower climb to profits. JP Morgan calls it the best name in Media seeing a re-acceleration of subscribers in 2H22 and 2023 and a broader recovery of the legacy businesses, a \$220 target as the best intellectual property name in the industry. Tigress positive seeing 2022 as a big year with a massive slate of new series and movies. Wells Fargo has a \$196 target and called DIS a favorite large cap for 2022.

Hawk Vision:



Hawk's Perspective: DIS has the potential to bottom near this level though valuation still feels a bit rich it is seeing accelerated growth out of the pandemic and legacy businesses should strengthen from here.

Confidence Ranking: \$\$