



## FEATURED OPTIONS RADAR REPORT



### Put Sale Sees Limited Downside for EA Ahead of Battlefield Debut

**Ticker/Price:** EA (\$138)

#### Analysis:

**Electronic Arts (EA)** with 2,000 March \$130 puts sold to open for \$8.30 in a stock replacement this afternoon and follows buyers recently in the December \$135 calls and January 2023 \$150 calls. EA has also seen sellers active in the September \$140 puts over 2450X while the January \$135 calls remain in OI over 3000X from earlier this year. Shares are back at support of a multi-month range and the low-end of YTD value at \$137. EA has been trading in a range since December and a lot of energy building for a potential breakout above \$150 and continuation of the longer-term trend. A move higher targets \$175. The \$39.3B company trades 18.7X earnings, 6.87X sales and 20.4X FCF with a small yield and low-double digit growth. EA is coming off of a strong quarter behind Apex Legends which had record monetization on in-game events for Season 9 and 13M weekly active players. The company continues to see a big opportunity for the title in esports. EA has a busy second-half coming up including the hotly anticipated debut of Battlefield 2024 on October 22, continued expansion of their scale in mobile gaming, and their next-generation releases for their core sports titles. Short interest is 1.6%. Hedge fund ownership fell 2% last quarter. Analysts have an average target for shares of \$163.50 with a Street High \$194. Baird raising estimates last week as they are seeing limited impacts from reopening trends, while a preliminary outlook for mid- to high-single-digit Y/Y bookings growth in FY23 is reflective of increased confidence in the longer-term sustainability of player engagement. Raymond James positive as they think there is a positive setup into the back half of the calendar year as reception to Battlefield 2042 has been quite positive.

#### Hawk Vision:



**Hawk's Perspective:** EA has held up better than peers and back near that \$130 level and the March lows would give a nice spot to trade against for a run into a busy Q4 for the company

**Confidence Ranking:** \$\$