



Unusual Call Buying in Eventbrite, Niche Software Provider

Ticker/Price: EB (\$22)

Analysis:

Eventbrite (EB) unusual activity on 2/14 as calls traded 17.5X average daily volume with 5500 of the March \$22.5 calls opening in the \$1.70 to \$1.90 range, and still has 1500 April \$20 calls bought and 1800 of the \$25 calls bought in open interest. EB shares have trended lower since its debut in Q4 2018 and will next report on 2-27, shares breaking out of a range and its post-IPO downtrend in late January with weekly RSI showing strength since bottoming May 2019. Next potential retracement targets are at \$24.85 and \$27.75. The \$1.8B software company is a niche player operating ticketing and event technology platforms allowing for planning, promoting and producing live events. They did 3.9M events in 2018 and 265M tickets overall, notable scale worldwide as they cater to mid-market creators. EB sees a \$14B market opportunity as they grow into verticals like tours and attractions. Their all-in-one platform offers creators flexibility to manage marketing/advertising, analytics, checkout and other event-day projects. EB has struggled after going public in September of 2018 around \$35 and unable to gain traction. This has largely been due to integration issues from their acquisition of Ticketfly in 2017, a distribution service previously owned by Pandora. They suffered a security breach in May of 2018 and lost a number of customers during the transition over to the EB platform. EB shares now trade 4.3X EV/Sales and 62.5X FCF with revenue growth seen accelerating to 13.3% in 2020 and EBITDA inflecting positively. Analysts have an average target of \$20.50 and short interest at 10% of the float is down 30% Q/Q. William Blair out positive on 1/24 with data showing fan engagement growing with accelerating traffic to its website. EB shares pulled back in November after Square opted to pull back its marketplace product but did mention potential to explore a partnership in the future. Hedge Fund ownership grew 7.2% in the latest quarterly filings, Foxhaven reducing its position.

Hawk Vision:



Hawk's Perspective: EB is extremely interesting as I always love niche Software names as acquisition targets and it's in a strong growth industry of live events, while attractive on valuation. It looks to be a solid own at these levels.

Confidence Ranking: \$\$