



Earnings Snapshots 10/31/2021

ROKU, SQ, ABNB, UBER, PINS, DKNG

Roku (ROKU) will report earnings 11/3 after the close with the Street looking for \$0.06 EPS and \$683.7M in Revenues (+51.4%) and Q4 seen at \$0.21/\$946.7M. ROKU shares closed lower last quarter after being higher the previous three reports, a six quarter average max move of 10.9%. The \$42.8B CTV leader trades 13.6X EV/Sales with revenues seen rising 59.5% in 2021 and 37% in 2022. ROKU should be in a good position as we have seen strong advertising spending trends with the move to OTT continuing. ROKU continues to have a significant growth opportunity in International markets. ROKU has also been building out original content and enhancing the Roku Flywheel. ROKU reported ARPU of \$36 in Q2 and estimates are for this number to work higher towards \$50-\$60 by 2023. As viewership and these dollars shift to streaming, Roku's ARPU has the potential, in the L/T, to grow multiple times of where it is now. Roku has been able to grow its U.S. smart TV market share to almost 35% in six years and relationships with TV OEMs (including TCL) and distributors (including Walmart) remain strong. Roku's new App will allow Shopify merchants to easily build, buy and measure TV streaming advertising campaigns. This will take advantage of OneView's SMB focus, targeting ability, and measurement and interactive capability. SMB is a segment Roku has not targeted before and represents a new revenue stream. Analysts have an average target of \$475 and short interest is low at 3.3% of the float. Cleveland Research started shares Buy with a \$389 target on 9/30 expecting ROKU to beat 2022 expectations as CTV share increases. On 9/27 BAML called the recent weakness in shares overdone and has a \$500 target. Wells Fargo downgraded shares on 9/24 with a \$350 target seeing less upside with shares fully valued as ARPU estimates have risen and expectations are now high. Guggenheim raised to Buy on 9/23 with a \$395 target as a primary beneficiary of the CTV advertising marketplace. Hedge Fund ownership rose modestly in the latest quarter, Ark Investment a top owner and Whale Rock took a notable new stake. On the chart ROKU acting very weak breaking under YTD value last week and a 61.8% Fibonacci retracement aligns with VWAP off the March 2020 lows back near \$222 while the volume pocket extends back to \$238 after the break below \$310. ROKU options are pricing in a 7.5% earnings move and 30-day IV Skew at +0.1 compares to the +0.2 52-week average. ROKU has seen mixed flows with December \$280/\$270 bull put spreads opened 1000X but 1000 Nov. 5th (W) \$340 puts bought.

Trade to Consider: Sell the **ROKU** November \$320/\$330 Call Spread for a \$3 Credit (Bear Call Spread)



Square (SQ) will announce results 11/4 after the close with the Street consensus at \$0.39 EPS and \$4.54B in Revenues (+49.6%) and Q4 seen at \$0.48/\$4.64B. SQ shares have closed higher six of the last eight quarters though lower two of the last three, a six quarter average max move of 9.2%. SQ has a \$120.7B market cap and trades 7.1X EV/Sales with revenues seen rising 99% in 2021 and 11.6% in 2022 as it starts to lap tough comps. SQ's Cash App has been a major success and continues to add users at a rapid pace while offering the ability to participate in Bitcoin. SQ will be able to monetize its growing user based while the Merchant business will face easy comps in 2021 and the company has global growth as a priority that will continue to fuel its expansion. The addition of Credit Karma Tax was a smart move and tax refund season should drive strong trends. SQ continues to expand product offerings to monetize recent growth with the addition of Square Card, Cash Card, Stock Brokerage, and other financial services. SQ also made a big push into BNPL with its \$29B deal for Afterpay. SQ's Cash App will face tough comps this quarter and the stimulus running out seen as a headwind for the quarter. Investors will likely focus on October trends as management tends to not provide to-line guidance. Analysts have an average target of \$305 and short interest remains elevated at 9.4% of the float, rising 16% Q/Q. Barclays lowered its target to \$325 on 10/21 seeing Q3 as a clearing event before the focus for investors shifts to 2022. BAML rates shares Sell with a \$210 target noting expectations are subdued and deceleration trends limit upside. Atlantic raised to Overweight on 10/12 with a \$300 target on substantial growth prospects as SQ disrupts consumer and business banking and BNPL is an incremental growth opportunity. Jefferies upgraded to Buy on 10/7 calling SQ a must-own over the long-term with room for share gains. Hedge Fund ownership rose modestly in the latest quarter with Ark Investment a top owner along with Lone Pine which added substantially to its position. On the chart SQ shares are consolidating above a recent base breakout and remain above a weekly wedge breakout. The \$267.50 level is a major VPOC and above can target \$275 and then record highs with \$310 a measured move target out of the cup and handle pattern. The \$240-\$245 zone looks supportive. SQ options are pricing in a 5.25% earnings move and 30-day IV Skew is at +1.4 which compares to the +1.1 52-week average. SQ flows have leaned bullish and the Nov. 26th (W) \$250 calls bought 1275X on 10/27 a large trade.

Trade to Consider: Long the **SQ** November \$265/\$275 Call Spreads at \$2.90 Debit



Airbnb (ABNB) will report earnings 11/4 after the close with the Street estimate at \$0.75 EPS and \$2.04B in Revenues (+52%) and Q4 seen at (\$0.09)/\$1.43B. ABNB shares have closed higher each of its three earnings reports with an average max move of 8.5%. The \$110B leader in alternative accommodations trades 18X EV/Sales and 65X FY22 EBITDA with forecasts for 68% revenue growth in 2021 and 25.5% growth in 2022. Total bookings for alternative accommodations are seen growing to \$85B in 2026 from \$40B in 2019. ABNB management is targeting long-term 30%+ Adjusted EBITDA margins in improved variable costs, marketing efficiency & managing fixed expenses. ABNB has not even tapped into a massive potential market of Experiences and it is also quietly expanding into Hotels with its deal for HotelTonight. AirDNA data suggests alternative accommodation (AA) bookings are not immune to the broader Delta variant driven slowdown in travel, and key Airbnb 3Q metrics are trending in-line to below Street estimates. Analysts have an average target of \$175 with short interest at 7.6% of the float. JMP raised its target to \$190 last week expecting strong Q3 results as travel demand recovered throughout the quarter and alternative gains share against traditional lodging. Cowen upgraded to Outperform on 10/12 with a \$220 target seeing 2022 estimates as overly-conservative. Hedge Fund ownership surged 17% in the latest quarter. On the chart ABNB has shown relative strength lately and consolidating nicely with a 55/200 bull MA cross nearing around \$165 support. ABNB is firmly above VWAP off the 2021 highs and sits under a 50% retracement level at \$175 with the 61.8% level up above \$185. ABNB options are pricing in a 5.5% move on earnings and 30-day IV Skew at 0 compares to the -0.6 52-week average. ABNB flows have been bullish lately including 1000 December \$200 calls bought, 1500 Nov. 5th (W) \$167.5 calls bought, and popular with longer-dated opening put sales.

Trade to Consider: Sell the **ABNB** November \$165/\$160 Put Spreads for a \$1.75 Credit (Bull Put Spread)



Uber (UBER) will announce results 11/4 after the close with the Street view at \$0.33) EPS and \$4.42B in Revenues (+41.3%) and Q4 seen at (\$0.27)/\$4.85B. UBER shares have closed lower three of the last five reports with a six quarter average max move of 7.35%. The \$84B mobility leader trades 5.4X EV/Sales with revenues growing 44% in 2021 and 40% in 2022 and EBITDA moving strongly positive in 2022. Uber has framed the long-term global personal mobility TAM at 11.9tn miles per year, which represents a \$5.7tn market opportunity (across 175 countries). Looking more near-term, Uber laid out an addressable market of 4.7tn miles (passenger vehicle trips <30 miles), which represents a \$3.0tn TAM (across 63 countries). UBER's mobility business is seeing growing at a 29% CAGR through 2026 with take rates expanding to 24% from 19% on improved service fee structures, efficiency & use of certain incentives/promotions. Uber has framed the global serviceable addressable market for food delivery to be \$795B. UBER gave a strong mid-quarter update in September seeing EBITDA near breakeven in Q3 as bookings and supply improves. UBER was at the Goldman Communicopia conference on 9/21 and noted that their mobility business continues to track higher as session growth continues to grow and supply hours were up 9%. Volumes also continue to pick up in the UK, Germany, and other countries and well above 2019 levels. Analysts have an average target of \$70 with short interest at 5.1% of the float. Evercore added UBER to Tactical Outperform on 10/15 with a \$70 target seeing meaningful upside to the conservative estimates. Wolfe out on 9/22 noting very encouraging September trends. MKM on 9/21 noting the accelerating pathway to profitability. Hedge Fund ownership rose 1.3% in the latest quarterly filings, Third Point and Carmignac Gestion notable top holders. On the chart UBER pulled back to the 55-day moving average last week and has a large gap back to YTD VPOC at \$40. VWAP since its IPO is now at \$39 and was supportive in September. UBER options are pricing in a 6.8% earnings move and 30-day IV Skew at -1.8 is bullish inverted and compares to the 0.4 52-week average. UBER flows have been notably bullish including large Jan. 2024 put sales, a buyer of 30,000 January \$50/\$60 call spreads and 15,000 June \$55 calls bought.

Trade to Consider: Long the **UBER** November/January \$50 Call Calendar Spreads at \$1



Pinterest (PINS) will report quarterly numbers on 11/4 after the close with the Street seeing \$0.23 EPS and Revenues of \$631M (+42.6%) and Q4 seen at \$0.47/\$876.7M. PINS shares have closed sharply lower the last two reports after being higher the previous three, a six quarter average max move of 23.3%. The \$29.4B social media company trades 32.2X Earnings and 10.2X EV/Sales with revenues seen rising 55% in 2021 and 30%+ the next two years and has been subject of takeover rumors the past year. PINS Adjusted EBITDA margins are seen rising to 33% in 2026 from -6% currently. Pinterest is a unique platform that has elements of social media, eCommerce, and content creation/consumption that differentiate its use cases. Pinterest is in a multiple year cycle of driving new use cases for consumers and advertisers and beginning to ramp its International monetization opportunity. Investor focus will remain on near term MAU normalization given what should ultimately be transitory declines in Pinterest's user base following significant increases during the pandemic. Despite the ongoing downward trajectory of app downloads, strategic initiatives including 1) raising efficiency of matching content and products 2) rolling out tools that enhance the shopping experience and 3) ongoing international expansion, positions Pinterest well for sustainable revenue growth as user growth normalizes. Analysts have an average target of \$70 with short interest at 3.1% of the float, down 16% Q/Q. OTR Global out positive on 10/14 noting checks showing advertisement spend on PINS rising Y/Y in Q3. RBC started shares Neutral on 9/30 seeing upside for monetization but user growth plateauing and conversion needs improvement. Piper out on 9/24 seeing a favorable set-up into year-end. Vertical Group out positive on 9/21 citing expanding and strengthening adoption by ecommerce merchants. Hedge Fund ownership plunged more than 18% last quarter. On the chart PINS with a big reversal after PayPal denied interest for M&A and PINS shares now below VWAP off the March 2020 lows with a 61.8% Fibonacci down at \$40.25 and volume support near \$37. PINS has plenty of room to snapback to the 8-MA up above \$49 near-term. PINS options are pricing in a 9% earnings move and 30-day IV Skew at 0 compares to the +0.5 52-week average. PINS last week with a large sale of 2000 Jan. 2024 \$55 puts and also with recent sales in February and May \$42.50 puts to open.

Trade to Consider: Long the **PINS** November \$45/\$50/\$52.5 Unbalanced Call Butterfly Spread at \$1.20 Debit



DraftKings (DKNG) will announce earnings 11/5 before the open with the Street consensus at (\$1.06) EPS and \$231.6M in Revenues (+74.3%) and Q4 seen at (\$0.65)/\$440.3M. DKNG shares have closed higher four of its six earnings reports with an average max move of 9.77%. The \$37.7B leader in sports betting and iGaming, two rapidly growing markets with regulatory tailwinds, trades 13.3X EV/Sales with revenues seeing growing 108% in 2021 and 35%+ the next two years while EBITDA profitability not seen until 2024. DKNG has been aggressively expanding its ecosystem with M&A deals though recently walked away from a potential large Entain deal. DKNG should benefit from a strong start to NFL betting and adoption in new states like AZ/CT/WY. Analysts have an average target of \$70 with short interest elevated at 10% of the float and up 15.7% Q/Q. Roth started shares Sell on 10/12 with a \$41 target expecting DKNG to concede market share over time. Citi started shares Buy on 10/11 with a \$66 target seeing robust long-term growth for its markets and DKNG a beneficiary as customer acquisition rationalizes and the market consolidates. Hedge Fund ownership rose 8.8% last quarter, Ark Investment a top holder. On the chart DKNG shares rolled back to lower YTD value last week and trend support off the May and July lows. DKNG slipped back under VWAP off the March 2020 low and has resistance overhead at \$50.50, \$53.50 and \$55.25. DKNG options are pricing is a 4.7% move on earnings and 30-day IV Skew at +2.1 comparing to the +0.5 52-week average. DKNG has seen much more put buying than the average name including 10,000 April \$50 puts now in open interest through 3000 February \$45 calls have also been bought.

Trade to Consider: Long the **DKNG** November \$45 Straddle for \$5.75 Debit



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