



**PYPL, COIN, DASH, U, DIS**

**PayPal (PYPL)** will report results 11/8 after the close with the Street looking for \$1.07 EPS and \$6.24B in Revenues (+14.2%) and Q4/FY21 seen at \$1.27/\$7.25B and \$4.71/\$25.86B. PYPL shares have closed higher 6 of its last 8 reports with a six quarter average max move of 8.1%. The \$270B online/mobile payments leader trades 38.4X Earnings, 10X EV/Sales and 66X FCF with revenues seen rising 20%+ each of the next few years and the same for EBITDA. PYPL has been focused on improving customer and merchant experiences with its long-term plans of building out a "Super App." PYPL gave its long-term forecasts earlier this year at an Investor Day of \$2.8T in TPV in 2025 (+25% 5-yr CAGR) with \$50B+ in revenue (20% 5-yr CAGR) and non-GAAP EPS growth at a +22% 5-yr CAGR. PYPL has been expanding its offering into P2P, BNPL and Crypto. Analysts have an average target of \$330 with short interest low at 0.9% of the float. Erste Group downgraded shares last week on concerns with slowing earnings growth the next two quarters and sees more competition weighing. SMBC started shares Underperform seeing guidance as overly optimistic and recent reports of a potential deal for Pinterest signaling concerns with organic growth. Hedge Fund ownership fell 3% last quarter, FundSmith, Edgewood and Temasek with large concentrated stakes. On the chart PYPL shares have been under selling pressure since putting in a double top in July but sit right on a 38.2% Fibonacci off the March 2020 lows and VWAP off those lows near \$218. Other key levels below at \$206 as a retest of the flag breakout from late 2020 and \$196 as a 50% retracement move. An oversold bounce would likely face resistance near \$242. PYPL options are pricing in a 6.1% earnings move and 30-day IV Skew at -1.1 is bullish inverted compared to the +1.5 52-week average. PYPL put/call open interest is only at the 14<sup>th</sup> percentile and average 30-day IV crush is -15.35%. PYPL flows have maintained a bullish bias despite weak price-action with put selling a consistent theme in the \$200-\$220 strike range. On 11/3 there was a buyer of 2500 November \$227.50 calls and on 11/4 a buyer of 2500 June \$240 calls.

Trade to Consider: Sell the **PYPL** December \$220/\$210 Put Spreads for a \$3.60 Credit



**Coinbase (COIN)** will announce results 11/9 after the close with the Street expecting \$1.57B in Revenues (+397%). COIN shares closed higher by 3.2% last quarter after reporting and were lower the only other quarter public by 2.5%. COIN is seeing strong growth driven by increasing adoption of digital currencies and its business model thrives on elevated cryptocurrency volatility. COIN has plenty of opportunities to expand beyond the core business to driver other revenue streams. COIN can become a critical element of the financial infrastructure if the economy can transition to blockchain and crypto-native technology. The \$71B company now trades 53X Earnings, 10X EV/Sales and forecasts of 455% revenue growth this year and 535% EBITDA growth though FY22 seen as a tough comps year with growth forecasted to be negative. Analysts have an average target of \$370 and short interest is 3.2% of the float. Piper recently raised its target to \$360 citing the mainstream adoption of crypto. Citi started shares Buy with a \$415 target seeing it as a crypto-economy facilitator and sees additional opportunities in cold wallet storage, pre-paid debit cards and NFTs. DA Davidson has a \$400 target and notes that exchange data suggests a Q3 earnings beat. JMP positive noting COIN has reached a point of scale that creates competitive advantages and sees it remaining a leader for years to come. Ark and Tiger Global have large positions in COIN. On the chart COIN shares have rallied nicely off its bottoming base in May-July and sit just under a 61.8% Fibonacci currently. The recent momentum suggests any negative earnings reaction likely finds buyers with support levels at \$335, \$318 and \$300. COIN options are pricing in a 7.4% earnings move and 30-day IV Skew at -4.7 is bullish inverted and compares to the +0.5 52-week average. COIN's put/call open interest ratio is at the 23<sup>rd</sup> percentile and average IV30 crush is -15.7%. COIN with a notable buy of 1800 February \$460 calls on 10/25 for \$2M and has seen 4000 March \$470 calls open while November options have notable buys in the \$295, \$300, and \$305 strikes as positive Gamma fuel.

Trade to Consider: Long the **COIN** November \$350/\$365 Call Spreads at \$4.25 Debit



**Doordash (DASH)** will post results 11/9 after the close with the Street consensus at (\$0.26) EPS and \$1.18B in Revenues (+33.7%) and Q4/FY21 seen at (\$0.27)/\$1.23B and (\$1.11)/\$4.7B. DASH shares have closed higher each of its first three earnings reports with an average max move of 13.3%. The \$67.5B mobility leader trades 13.3X EV/Sales with revenues seen rising 63% in 2021 and 20%+ the next few years forward while EBITDA seen reaching near \$1B in 2023 from \$189M in 2020. DASH has been announcing numerous new partnerships and sees online penetration growth a key opportunity in Grocery, Convenience, and Alcohol. Through its marketplace, the company provides a number of services including customer acquisition, delivery, insights and analytics, merchandising, payment processing, and customer support. DASH has enjoyed impressive market share growth in restaurant delivery, expanding from 17% of the market in January 2018 to 55% currently. DASH also has seen success with its subscription service, DashPass and Bloomberg reported in April that the company is looking at M&A targets in Europe. One key short-term debate will be the degree to which DoorDash's food delivery platform slows in a post-COVID normalized environment compared to what is being priced in at current stock price levels. DoorDash should be able to produce the 30%+ Adj. EBITDA margins typical of marketplace models over the maturation of its market opportunities. Analysts have an average target of \$215 and short interest is at 7% of the float. JMP recently raised its target to \$230 noting the launch of self-serve Sponsored listing can open a new advertising revenue opportunity and expand margins. Truist raised its target to \$250 expecting strong results with sustained momentum on the reopening. BAML upgraded to Buy in September on the non-restaurant opportunity. Hedge Fund ownership jumped 27.65% last quarter in filings, Tiger Global and Lone Pine notable top holders. On the chart DASH shares recently tested YTD VPOC and held near \$190, a move below would target lower value at \$180. Upside levels of note are at \$207, \$215 and \$225. DASH options are pricing in a 10.15% earnings move and 30-day IV Skew at +0.1 compares to the 52-week average of +0.6. DASH's put/call open interest is at the 31<sup>st</sup> percentile and average IV30 crush is -15.9%. DASH had a large buyer of 6000 November \$205 calls on 10/27 that remains in open interest and otherwise has limited large OI.

Trade to Consider: Long the **DASH** November/February \$230 Calendar Call Spreads at \$7 Debit



**Unity (U)** will report earnings 11/9 after the close with the Street estimate at (\$0.07) EPS and \$265M in Revenues (+31.8%) and Q4/FY21 seen at (\$0.05)/\$285.5M and (\$0.23)/\$1.06B. U shares closed higher by 13.25% last quarter on earnings while being lower the prior two, a four quarter average max move of 12.75%. Unity is the world's leading platform for creating and operating real-time 3D content. Creators, ranging from game developers to artists, architects, automotive designers, filmmakers, and others, use Unity to make their imaginations come to life. The company continues to see significant opportunity as more content moves to 3-D, real-time and interactive with multi-decade potential and a space that they dominate currently. Their market share exceeded 50% of all games at year-end in 2020 and they're even bigger now in hot growing spaces like AR/VR and among key artists while adding new, scalable capabilities in areas like 4K and low-latency, UHD streaming. Unity also continues to expand into non-game verticals like automotive which remains a huge tailwind to their TAM. The \$42B company trades 39X EV/Sales with revenues seen rising 37.5% in 2021 and 25%+ in 2022/2023 as EBITDA turns positive in 2022. The Operate monetization business showed acceleration in the first full quarter of Apple implementing its IDFA changes. Mobile gaming revenues are estimated to grow at 20% CAGR from \$14B in 2019 to \$35B in 2024, faster than overall game advertising growth. A key differentiator of the Unity platform is its neutrality and interoperability. Driven by strong partnerships and vendor agnostic design, Unity allows games developed on its core Create engine to be operated cross 20+ platforms. Analysts have an average target of \$132 with short interest at 6.2% of the float, down 15% Q/Q. Wedbush raised its target to \$175 last week to reflect ad market share gains and the promise of metaverse. It sees significant top-line growth for many years ahead of improved profitability as it penetrates new industries. Macquarie started at Outperform in August with a \$152 target as a one-of-a-kind company with major market share leadership. Hedge Fund ownership surged 17.65% last quarter, Ark and D1 Capital notable top holders. On the chart U shares have been grinding higher steadily and have support on any weakness at \$145 and \$135 levels. U options are pricing in an 8.8% earnings move and 30-day IV Skew is at 0 which compares to the -0.4 52-week average. U's put/call open interest ratio is at the 25<sup>th</sup> percentile and average IV crush is -15.8%. U has seen 4500 of the January \$180 OTM calls accumulate and has 6000 of the Jan. \$110 calls bought in OI that are already up strong.

Trade to Consider: Sell the **U** November \$170/\$165/\$135/\$130 Iron Condor for a \$1.90 Credit



**Disney (DIS)** will release earnings 11/10 after the close with the Street view at \$0.50 EPS and \$18.81B in Revenues (+27.9%) while Q1/FY22 seen at \$1.11/\$21.12B and \$4.98/\$84.86B. DIS shares closed higher last quarter on results while being lower four of the previous six, a six quarter average max move of 5.28%. The \$320B Media & Entertainment leader should see strong tailwinds with the travel/leisure names as the pandemic nears and end while investor focus has been on its transition to a leading OTT platform. DIS currently trades 35.4X Earnings, 5X Sales and 22X next year's EBITDA with revenues seen rising 3.5% in 2021 with one quarter remaining and jumping 25% in 2022 with EBITDA seen rising 55% in 2022. Disney has already cautioned that near-term Disney+ net adds would show moderation from recent trends. Analysts have an average target of \$210 with short interest low at 1.3% of the float. Barclays downgraded shares to Neutral on 10/18 on slowing streaming growth and sees meaningful downside at this valuation. Hedge Fund ownership fell 4.44% last quarter in filings. On the chart DIS shares have been weak but jumped to close last week with the reopening/travel plays. Shares have 200-MA resistance near \$180 which aligns with VWAP off the highs as a real key level. DIS has a major volume pocket below recent \$167 support back to \$147. DIS options are pricing in a 3.95% earnings move with 30-day IV skew bullish inverted at -0.9 comparing to the +0.7 52-week average. DIS put/call open interest is at the 68<sup>th</sup> percentile and average IV30 crush is -22.45%. DIS recently with an opening seller of 1500 June \$175 puts, buyers of 7500 January \$180 calls, a seller of 1250 Jan. 2024 \$150 puts, and a buyer of 5000 December \$165 puts.

Trade to Consider: Long the **DIS** November \$172.5/\$165 Put Spreads at \$2.10 Debit



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