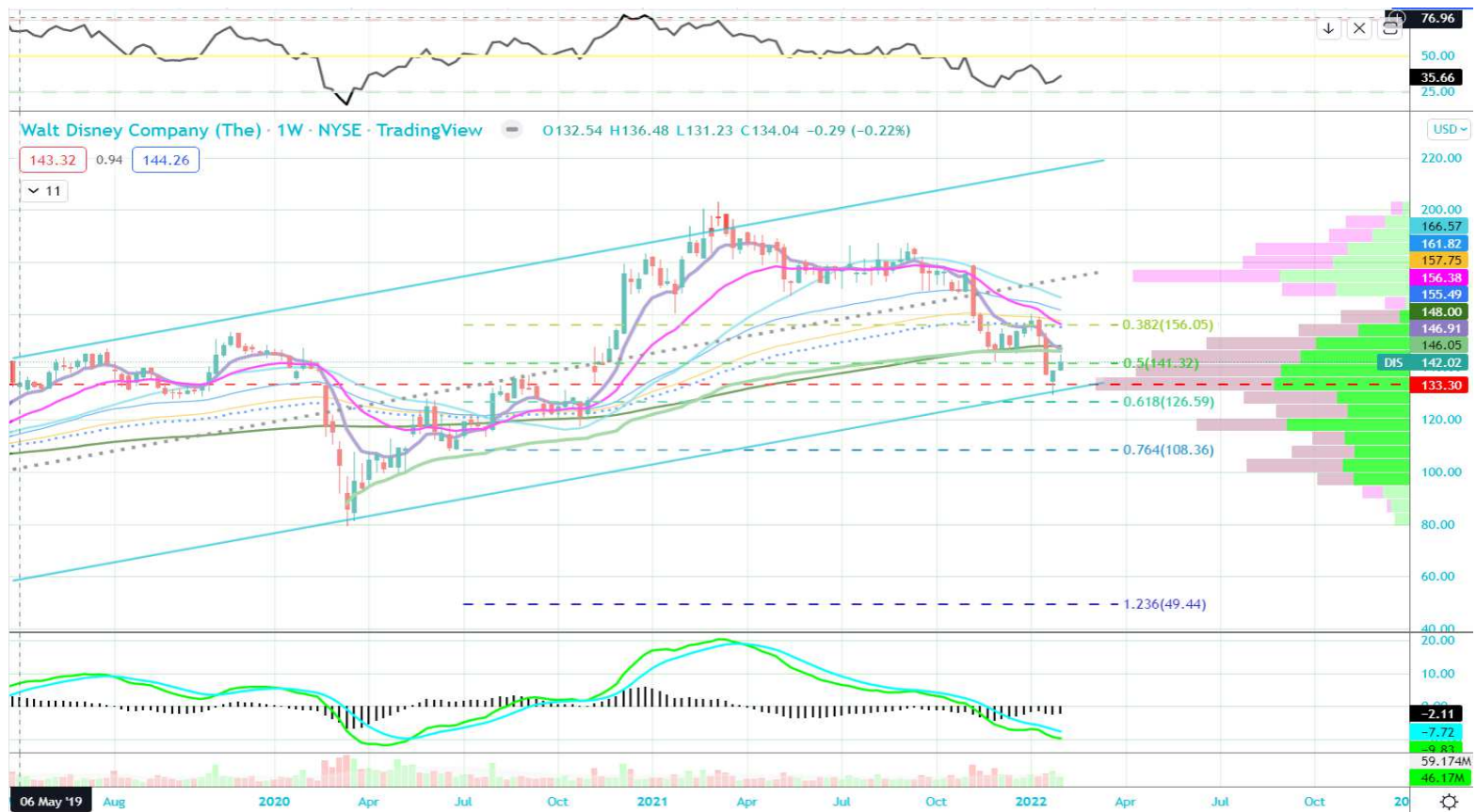




DIS, UBER, TWTR, EXPE

Disney (DIS) will announce earnings 2/9 after the market close with the Street looking for \$0.62 EPS and \$20.9B in Revenues (+28.7%) while Q2/FY22 seen at \$1.23/\$19.88B and \$4.04/\$83.24B. DIS shares have closed lower three of its last four reports with a six quarter average max move of 6.1%. 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). 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. DIS has a \$255B market cap and trades 25.7X Earnings, 3.8X Sales and 22X EBITDA with revenues seen rising 23.5% in 2022 and 12% in 2023. Analysts have an average target of \$200 with short interest low at 1.4% of the float. Guggenheim cut shares to Neutral on 1/14 seeing a slower profit recovery as it continues to spend more on programming. JPM sees DIS as a top pick in media saying investors should look past 1H22 with reacceleration of subscriber growth starting in 2H22 and has a \$220 target on shares. On the chart DIS recently bottomed at potential channel support nearly filling a large gap from 2020 though still sits below a falling 21 and 55 day moving average. DIS has a volume pocket above \$151.5 for a move back to \$170+. A move below \$130 would be a major negative and set up for a run back to \$120. DIS options are pricing in a major 8.2% earnings move with 30-day IV Skew at +4.2 comparing to the +1.1 52-week average. DIS put/call open interest ratio is at the 75th percentile for the one-year range while average IV30 crush is -22.3%. DIS has seen some size call buyers in June and July as well as spreads in April selling \$115 puts and buying the \$140 calls. DIS also has seen over 10,000 Jan. 2024 \$155 calls accumulate from buyers and 2000 deep ITM September \$105 calls bought.

Trade to Consider: Long **DIS** March \$140/\$150/\$160 Call Butterfly Spreads at \$2.25 Debit



Uber (UBER) will announce results 2/9 after the close with the consensus expecting (\$0.35) EPS and \$5.36B in Revenues (+140.6%) while Q/1FY22 seen at (\$0.23)/\$5.9B and (\$0.70)/\$25.5B. UBER shares have closed higher five of the last eight reports with a six quarter average max move of 7.35%. UBER will also be hosting an Analyst Day on 2/10 as a key catalyst. 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 has a market cap of \$67B and trades 54X EBITDA and 2.9X EV/Sales with three-year respective growth CAGRs around 62% and 23%. Analysts have an average target of \$66 with short interest at 4% of the float. MSCO sees the upcoming Analyst Day as key to helping investors understand the under-appreciated forward rideshare, delivery, and freight growth and profitability and the monetization opportunity of Uber as a platform connecting hundreds of millions of people and businesses. It sees rising Uber One adoption as a key factor and has a \$72 target on shares. Management should talk about the post-COVID structural growth outlook, update long-term margin targets and paint a simplified picture of path to compounding consolidated profitability & FCF. One potential high incremental margin business that is emerging within the food delivery space is advertising/promoted listings. Cowen lowered its target to \$76 last week expecting Q4 bookings above the high end of guidance but still sees Omicron having a negative impact. JPM has UBER as a top pick for the year positive on incremental profitability and margin upside. UBER shares are in a long weekly falling wedge pattern that moved shares back to a major long-term support last month. The \$34 level has been established as key support and below would likely look to the \$28.50 level. Shares have plenty of overhead resistance with \$39 and \$44 two levels of note. UBER options are pricing in a 12.3% earnings move and 30-day IV Skew at +3.8 compares to the +0.8 average. UBER's put/call open interest ratio is at the 33.5th percentile while average IV30 crush is -18.9%. UBER had large opening sales in April \$30 puts last week as well as February \$37 and \$36 puts while the \$38 calls were bought in size on 2/3. UBER has seen a lot of upside call positioning for February while May \$40 calls bought 15,000X on 1/24. UBER also has over 70,000 February \$35 calls in OI from buyers.

Trade to Consider: Long the **UBER** February \$35/\$40 Call Spreads at \$2.25 Debit



Twitter (TWTR) will release results 2/10 before the open with the Street looking for \$0.35 EPS and \$1.58B in Revenues (+22.3%) while Q1/FY22 seen at \$0.15/\$1.26B and \$0.92/\$6.1B. TWTR shares have alternated green/red closes after earnings for the last ten quarters, lower last quarter, and averaging a six quarter max move of 13.1%. TWTR is more of a differentiated media/publishing platform with personalized news/interest aggregation and communication layers being the key characteristics that are gaining momentum and offer a unique proposition for its core users. At its recent February 2021 Analyst Day, Twitter management gave goals to reach ~\$7.5bn of total revenues, ~315mm total mDAUs, and a ~50/50 brand/direct response ad revenue mix by 2023. TWTR has been working hard on new monetization initiatives. The \$27.6B company now trades 40X Earnings, 18X EBITDA and 4.3X EV/Sales with revenues seen rising ~ 20% each of the next two years. TWTR is likely to show further rising operating expenses from its increasing headcount that may weigh on the profitability outlook. IDFA remains a potential headwind for 2022. Analysts have an average target of \$53 with short interest low at 2.9% of the float. KeyBanc cut its target to \$40 from \$70 expecting ad measurement headwinds and margin pressure from investments. Truist lowered its target to \$50 noting tough comps and deceleration in engagement though some offset from healthy ad budgets. TWTR shares based last week above the \$33 level which was a key long-term VPOC and are quite oversold with \$31 and \$28 key downside levels needed to defend. A move above \$38 sets up for a move to \$42. TWTR options are pricing in a large 15.25% move on earnings and 30-day IV Skew of +4.7 compares to the 52-week average of +1%. TWTR's put/call open interest ratio is in the 85th percentile, investors appear well-hedged, and average IV30 crush is -23%. TWTR last week with a large buyer of 10,000 April \$40 calls and saw 6000 March \$37 straddle sales on 2/2. TWTR has also seen 7500 Jan. 2024 \$40 calls bought into recent weakness.

Trade to Consider: Long the **TWTR** February/April \$42 Call Calendar Spreads at \$0.95 Debit



Expedia (EXPE) will report earnings 2/10 after the close with the Street estimate at \$0.67 EPS and \$2.31B in Revenues (+151%) and Q1/FY22 seen at (\$0.45)/\$2.27B and \$7.20/\$11.67B. EXPE shares have alternated red/green closes the last six quarters, higher last report, with an average max move of 9.5%. XPE used the downturn to restructure and significantly cut costs and increase marketing efficiency, moves that should pay off in the long-term as bookings recover. EXPE has undergone a big management shift with Barry Diller back taking more control and they expect to unlock value by utilizing more AI/data to analyze customer habits and make more targeted conversions. The shift under Diller is also likely to accelerate those trends towards lower costs and take better advantage of their scale. EXPE has a market cap of \$27.8B and trades 25.75X Earnings, 13.6X EBITDA and 11.5X FCF with revenues seen rising 35% in 2022 with 78% EBITDA growth. Analysts have an average target near \$190 with short interest at 5.5% of the float. Piper upgraded to Overweight recently with a \$216 target seeing a steady recovery with normalization of travel trends and improved cost structure along with undemanding valuation. On the chart EXPE shares are in a strong trend working out of a long weekly consolidation pattern with \$207.60 a first Fibonacci extension target out of the range. EXPE options are pricing in an 8.2% earnings move with 30-day IV Skew at +0.6 comparing to the +0.9 52-week average. EXPE's put/call open interest ratio is in the 57th percentile and average IV30 crush is around -20%. EXPE has seen large bullish call positioning for many months the entire ride higher and still has some notable size in April \$160 calls, February \$155 and \$170 calls, June \$170 calls, and March \$185 calls.

Trade to Consider: Sell the **EXPE** February \$170/\$165 Put Spreads for \$1.10 Credit (Bull Put Spreads)



Disclaimer:

These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

Not Investment Advice or Recommendation

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