



Earnings Snapshots 8/2/2021

UBER, ROKU, ETSY, WDC, SQ, Z

Uber (UBER) will report earnings 8-4 after the close with the Street looking for (\$0.51) EPS and \$3.74B in Revenues (+66.8%) and FY21 seen at (\$1.30)/\$15.87B. UBER shares have closed lower three of its last four reports with an average max move of 8%. The \$83.65B mobility company trades 5.3X EV/Sales with revenues seen rising 42.5% in 2021 and 40% in 2022 as booking trends remain strong though the worker classification concerns remain a key overhand. UBER recently announced a \$2.25B deal for Transplace as it builds out its freight unit. UBER also recently announced a major expansion of grocery delivery and looks to be building out a "Superapp" strategy. UBER has been disclosing monthly booking levels so the main focus for the report are mobility take rates. Analysts have an average target of \$70 and short interest is 5% of the float. Stifel out positive 7/22 on the Transplace deal accelerating UBER's freight capabilities and accelerating the path to adjusted EBITA breakeven to Q4 2022. Cowen raised its target to \$80 on 7/1 seeing significant Q2 bookings growth as its survey shows ramping rideshare growth. Hedge Fund ownership fell 2.7% in the latest quarterly filings, notable top holders include Tiger Global, Coatue, Jackson Square and Point-72. On the chart UBER shares looking weak below all key moving averages and losing trend support. Shares have potential retracement support at \$3 but below could fall back to a 50% retracement at \$37.50 which would also retest the breakout move from November 2020. UBER options are pricing in a 6.5% earnings move and 30-day IV Skew at 0 compares to the +0.6 52-week average. UBER put sales active last week with opening large sales in March \$40, November \$40, March \$45, November \$42.5 and June 2022 \$37.5. UBER also saw plenty of Aug. 6th (W) call buying into weakness but still has the 6850 \$47 puts bought 7/23 in OI.

Trade to Consider: Long the **UBER** September/October \$50 Call Calendar Spreads at \$0.50 Debit



Roku (ROKU) will announce results 8/4 after the close with the Street consensus at \$0.12 EPS and \$618.5M in Revenues (+73.7%) and FY21 seen at \$0.46/\$2.76B. ROKU shares have closed higher its last three reports with a six quarter average max move of 10.7%. ROKU has a market cap of \$59.5B and trades 20X EV/Sales with revenues seen growing 55% in 2021 and 38% in 2022 as profitability also starts to ramp. 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. The WSJ recently speculated that Comcast could consider an acquisition of Roku. Analysts have an average target of \$460 and short interest is 3% of the float. Deutsche Bank positive on 6/23 positive on shifting TV ad budgets and sees ROKU as a name that should continue to trade at a premium valuation. Hedge Fund ownership rose 2.77% in the latest quarterly filings, Ark a top holder and top holder Gilder Gagnon & Howe lowering its position. On the chart ROKU shares on a big run since the falling wedge breakout triggered at \$355. The \$407 level would be a 38.2% retracement of the run off the May lows. ROKU has also come back down to retest upper YTD value high while support levels are the 55-MA at \$387 and the 200-MA that aligns with YTD VPOC at \$350. A potential upside target is \$569 as a 138.2 extension. ROKU options are pricing in an earnings move of 8.5% with 30-day IV Skew at +0.1 comparing to the 52-week average of +3.9. ROKU recently with a buyer of 1000 January \$450/\$560 call spreads and sold the \$370 puts. ROKU also has 2000 September \$420/\$440 call spreads in OI.

Trade to Consider: Long the **ROKU** August \$450/\$500/\$550 Butterfly Call Spread at \$7.25 Debit



Etsy (ETSY) will report earnings 8/4 after the close with the Street view at \$0.63 EPS and \$524.8M in Revenues (+22.4%) and FY21 seen at \$3.11/\$2.29B. ETSY shares have closed lower 7 of its last 9 earnings reports with a six quarter average max move of 12.3%. The \$25.3B ecommerce company trades 48.3X Earnings, 10X EV/Sales and 31.7X FCF with revenues seen rising 32.5% in 2021 and 20% in 2022 as it starts to lap tough comps. ETSY has continued to expand its TAM into attractive categories via recent acquisitions of Depop and Elo7. ETSY has also invested a lot into improving the search experience and retention on its platform. Analysts have an average target of \$230 with short interest at 5.6% of the float. OpCo raised its target to \$225 on 7/12 on strong third-party data trends despite tough comps. Needham started at Buy on 7/7 with a \$250 target positive on sustained growth and recent M&A deals. Jefferies out on 6/29 increasingly bullish on the 2022 set-up and has a \$245 target. Hedge Fund ownership dropped 15% in the latest quarterly filings. On the chart ETSY shares sold off to close the week and back under its 200-day moving average, the \$171 level next key support from the prior base breakout. ETSY strength stalled at upper YTD value as it tried to move out of a weekly wedge, so above \$215 key for upside momentum back towards \$250 record highs. ETSY options are pricing in an 8.1% earnings move and 30-day IV Skew at +0.6 compares to the +0.9 52-week average. ETSY has 1000 Aug. 6th (W) \$200 puts in open interest from a 7/27 buyer, and overall has seen mixed flows. ETSY longer-term has 4000 January 2023 \$230 calls bought in OI with the \$200/\$125 bull put spreads.

Trade to Consider: Sell the **ETSY** August \$205/\$200/\$175/\$170 Iron Condors for \$2.90 Credit



Western Digital (WDC) will report results 8/4 after the close with the Street looking for \$1.50 EPS and \$4.54B in Revenues (+5.9%) with Q1/FY22 seen at \$2.02/\$4.89B and \$9.01/\$20.1B. WDC shares have closed lower 6 of its last 7 reports with an average max move of 10.2%. The \$19.75B company trades 7.2X Earnings, 1.2X Sales and 2X Book with revenues seen down 1.1% to close 2021 but rising 21.5% in 2022 with EBITDA ramping 62%. WDC recent weakness has correlated with crypto markets after seeing a surge in demand for its products with the boom but China has been cracking down on mining. WDC is a leading developer, manufacturer, and provider of data storage devices and solutions that address the evolving needs of information technology and the infrastructure that enables the proliferation of data in virtually every industry. WDC is now in year two under their new CEO who has taken some bold moves so far to bring value into the name. In October, he announced an internal separation of their HDD and Flash businesses which many think could lead to a formal spin off. It was reported earlier this year that the company is pursuing Kioxia, the former Toshiba memory business, in a sizable deal that would make WDC far and away the leader in the space. Analysts have an average target of \$90 with short interest at 1.8% of the float. Goldman is at Buy and expects upside from a combination of industry/cyclical factors and company-specific dynamics leading to positive revisions. Benchmark positive on 7/1 after the Micron record NAND sales quarter and has a \$92 target on WDC. Stifel raised its target to \$110 back in June with strong long-term mass capacity storage demand trends. Hedge Fund ownership surged 13.3% in the latest quarterly filings. On the chart WDC recently with a bottoming pattern above its rising 200-day moving average, plenty of overhead resistance in the \$67.50/\$71 zone. Support is at \$62 and on a break under likely sees a move back to \$56.50. WDC options are pricing in an earnings move of 7% with 30-day IV Skew at 0 comparing to the -0.3 52-week average. WDC recently with 5000 Aug. \$71/\$76 call spreads bought, size accumulation of October \$65 calls, the August \$73/\$80 call spreads 5000X, and 1500 Jan. \$65 calls bought.

Trade to Consider: Long the **WDC** October \$65/\$75 Call Spreads at \$3.30 Debit



Square (SQ) will announce results 8/5 after the close with the Street expecting \$0.31 EPS and \$5B in Revenues (+160%) and FY21 seen at \$1.52/\$20B. SQ shares have closed higher 6 of its last 7 reports with an average max move of 10.7%. The \$116.25B payments company trades 117.5X Earnings and 5.6X EV/Sales with revenues seen rising 110% in 2021 with EBITDA up 85%. SQ has been seeing strong engagement across its platform and also continues to expand offerings with its recent launch of Square Banking and speculated release of a Defi platform. Analysts have an average target of \$280 with short interest at 8% of the float. BAML expects strong results due to March stimulus and tax refunds, consumer spending strength, and stronger crypto markets but also notes high expectations into the print. It sees potential for 2H decelerating Cash App growth inhibiting shares considering SQ trading at record multiples. Goldman thinks "investors will continue to focus on Cash Card adoption, and will increasingly look towards Direct Deposit adoption to gain confidence in Cash App becoming a true bank replacement product." Evercore raised its target to \$353 last week on upside to CashApp profit estimates and monetization potential. Mizuho out on 7/15 saying buying Square now is like buying JP Morgan in 1871, noting SQ is the ultimate neo-bank and has a \$380 target on shares. DA Davidson started shares Buy with a \$275 target in June noting valuation only appears expensive due to the market underestimating earnings potential. Hedge Fund ownership fell 2.77% in the latest quarterly filings, Ark a top holder. On the chart SQ has essentially moved sideways all of 2021 and last week pulled back to retest its recent weekly wedge breakout that measures to \$300 upside. On weakness major support at \$230 should hold strong. SQ options are pricing in a 5.15% move on earnings with 30-day IV Skew at +0.4 comparing to the +0.5 52-week average. SQ saw 10,000 Aug. 13th (W) \$255 calls open last week and June 2023 \$250/\$290 call spreads bought 1500X on 7/12. SQ also has a massive position in September \$200 ITM calls with 20K in OI.

Trade to Consider: Long the **SQ** August 13th (W) \$255 Calls at \$7.25 Debit



Zillow (Z) will report quarterly numbers 8/5 after the close with the Street looking for \$0.24 EPS and \$1.28B in Revenues (+66%) and FY21 seen at \$1.05/\$5.52B. Z shares closed lower last quarter on results after being higher the previous 6, an average max move of 17.1%. The \$19.15B internet platform trades 4.3X EV/Sales with revenues seen rising 65% in 2021 and 43% in 2022 while profitability also seen ramping. Zillow continues to benefit from the red-hot housing market with expectations for the surge in buying to continue as 9% of consumers plan to buy a home in the next six months according to the Confidence Board survey, a 20-year high. In June, they noted that inventories are also starting to recover after a year-long decline. The company's buy-side business remains robust with 38% revenue growth while Zillow Offers continues to expand geographically and show promising early results. Zillow continues to see massive long-term opportunity from their '2.0 Plan' which sees them expand into Mortgages, Zillow Closing Services, even Rentals. Zillow shares have underperformed lately on fears of 2H tough comps and the potential for a rising rate environment to weigh on results. Analysts have an average target of \$180 with short interest high at 12.7% of the float. Berenberg on 7/21 started shares Buy with a \$156 target citing the large and growing opportunity and sees Zillow capturing more value from homebuyers and sellers. Citi lowered its target to \$230 in May on investor caution around interest rates and low inventory levels. Evercore positive in May noting both key segments are seeing accelerating and improving growth with record profit levels. Hedge Fund ownership fell 9.9% in the latest quarterly filings. On the chart Z is weak and below all key moving averages, a rally to \$126 where the 200-day moving average sits likely resistance with \$115 first resistance. Z has VWAP support off March 2020 lows near \$97. Z options are pricing in an 8.6% earnings move with 30-day IV Skew at +0.5 comparing to the 52-week average of +0.3. Z options flow has been mixed of late, and put sales remain the main approach including the 3000 January 2023 \$120 and 18,500 January 2023 \$90 short puts. Z also has 10,000 September \$120 calls bought on 4/6 that are way underwater.

Trade to Consider: Long the **Z** August \$110/\$120/\$130 Butterfly Call Spreads at \$1.60 Debit



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