



SE, DOCU, ORCL

Sea (SE) will announce results 3/7 before the open with the Street looking for (\$0.79) EPS and \$3.06B in Revenues (-4.9%) while Q1/2023 seen at (\$0.33)/\$3.03B and (\$1.83)/\$13.86B implying 13.7% revenue growth. SE shares have closed lower three of the last five reports, though jumped 36% last report, and were higher eleven of the previous thirteen. SE's average six-quarter max move is 17.86%. SE is creating a super app in Asia across E-commerce, (Shopee), Digital Entertainment (Garena) and Digital Financial Services (SeaMoney). SE also started in Food Delivery and Ride Sharing. SE has a market cap of \$35.6B and trades 2.5X EV/Sales while not near profitability. Sea has struggled to balance revenue growth with profitability and expects near-term path to profitability to come at the expense of revenue growth. Sea's cash cow game Free Fire continues to slow based on Sensor Tower data. SE's Shopee is also vulnerable to TikTok competition in SE Asia. Analysts have an average target of \$92 with short interest up 39% Q/Q to 7% of the float. Goldman last week added SE to its Conviction Buy List expecting outperformance on profitability along with a return to revenue growth. On the chart, SE shares consolidating below \$67 resistance with upside to \$75 and \$82 while a move under \$60 likely leads to a move down to \$54.50. SE options are pricing in a 16.1% earnings move and 30-day IV at +1.5 compares to the +4.1 52-week average. SE put/call open interest ratio is at the 47th percentile and average IV30 crush is -16.9%. SE has seen sellers to open of 10,000 March \$60 puts and 8000 March \$55 puts which should lend support while March \$60 calls had a size buy 2/13 for 6500X. SE did have a large buy of 2000 August \$65 puts on 2/22.

Trade to Consider: Long the **SE** March/April \$75 Call Calendar Spreads at \$1.45 Debit



DocuSign (DOCU) will report earnings 3/9 after the close with the Street view at \$0.52 EPS and \$632.2M in Revenues (+8.8%) while Q1/2024 seen at \$0.50/\$640M and \$2.22/\$2.69B implying 16% EPS growth and 7.8% Revenue growth. DOCU shares have closed higher the last two reports while lower the prior three with a six quarter average max move of 22.2%. DOCU's CEO has bought a lot of stock since December 2021 including a March 2022 buy of \$5M worth at \$74.76/share. DOCU offers electronic signature product, enabling an agreement to be signed electronically on a variety of devices, from virtually anywhere in the world. It was a pandemic beneficiary that has given up all of its 2020 gains, but it continues to add product offerings which will expand their reach with both Notary and Analyzer. DOCU has a market cap of \$12.3B and trades 21X EBITDA, 32X FCF and 4.8X EV/Sales, relatively cheap on valuation as profitability has ramped. DOCU recently announced a 10% cut to the workforce as it cuts operating expenses. While International, partner/channel and CLM remain important investment areas, building a more robust self-service go-to-market and delivering productive innovation represent the top priorities for management in the year ahead. DocuSign will start to include select premium features into core bundles. Customers that use more features from DocuSign historically tend to expand at a higher rate, so the company hopes that this strategy will enhance growth/expansion in addition to unlocking more value and higher ROI to customers from bundles. Analysts have an average target of \$65 with short interest down 36% Q/Q to 5.8% of the float. Wolfe upgraded to Neutral 2/23 saying investors are underappreciating the margin potential of the business and estimates are derisked. UBS cut to Sell on 2/21 saying the workforce cut was a negative demand signal and sees its FCF lower than peers. Jefferies upgraded to Buy on 1/5 expecting multiple expansion and growth reacceleration in the second half. On the chart, DOCU shares with a strong close last week out of a base nearing key \$67 resistance and a move above opens up a run to \$78. VWAP off lows at \$54.50 likely serves as support while \$52 a key price support as well. DOCU options are pricing in a 10% earnings move with 30-day IV Skew at +8 steep and compares to a 52-week average of +6.9. DOCU put/call open interest ratio is at the 64th percentile and average IV30 crush is -17.2%. DOCU flows have leaned strongly bullish in 2023 including recent buy of 1000 June \$65 calls, buyers of April calls along with sellers of April puts, and plenty of longer-dated call buys with January \$70 calls 3750X most notable.

Trade to Consider: Long **DOCU** March \$65/\$70 Call Spreads for \$2.10 Debit



Oracle (ORCL) will release results 3/9 after the close with the Street expecting \$1.20 EPS and \$12.42B in Revenues (+18.2%) while Q4/2024 seen at \$1.47/\$13.77B and \$5.57/\$53.7B implying 13.5% EPS growth and 7.6% Revenue growth next year. ORCL shares have closed modestly lower the last two reports despite max moves higher and were strongly higher the previous three reports, a six-quarter average max move of 8.35%. ORCL's businesses include cloud and license, hardware and services. Its products and services include applications and infrastructure offerings that are delivered through a variety of IT deployment models. The recent decline in the US Dollar should have a tailwind to earnings this quarter and into next potentially. ORCL has a market cap of \$234.5B and trades 16X Earnings, 13X EBITDA and 6.5X EV/Sales with a 1.5% FCF yield. Oracle is showing signs of higher growth with its SaaS applications and Cloud Infrastructure through the Generation 2 release, the cloud transition is taking longer than expected to impact the numbers and is more than offset with larger legacy and low growth revenue segments, such as on-premise license, hardware, and more. Analysts have an average target of \$93 with short interest low at 0.5% of the float. Deutsche Bank out positive 2/14 saying the deal with Uber validates ORCL's cloud position and Cowen with similar comments and a \$96 target. On the chart, ORCL has shown impressive relative strength recently and a long bull flag developing with a break over \$90 setting up for a return to \$96 or \$100. Share shave support at \$85.50 and \$83.40. ORCL options are pricing in a 4.7% earnings move with 30-day IV Skew at +5.1 comparing to the +4.6 2-week average. ORCL's put/call open interest ratio is at the 70th percentile and average IV30 crush is -26%. ORCL buyers of 4500 March \$88 calls last week and 3200 April \$80 calls. ORCL also has size in April \$87.5 and \$90 calls from buyers.

Trade to Consider: Long the **ORCL** March \$90/\$95/\$100 Butterfly Call Spreads at \$1.15 Debit



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

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek qualified professional financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors