



FEATURED OPTIONS RADAR REPORT



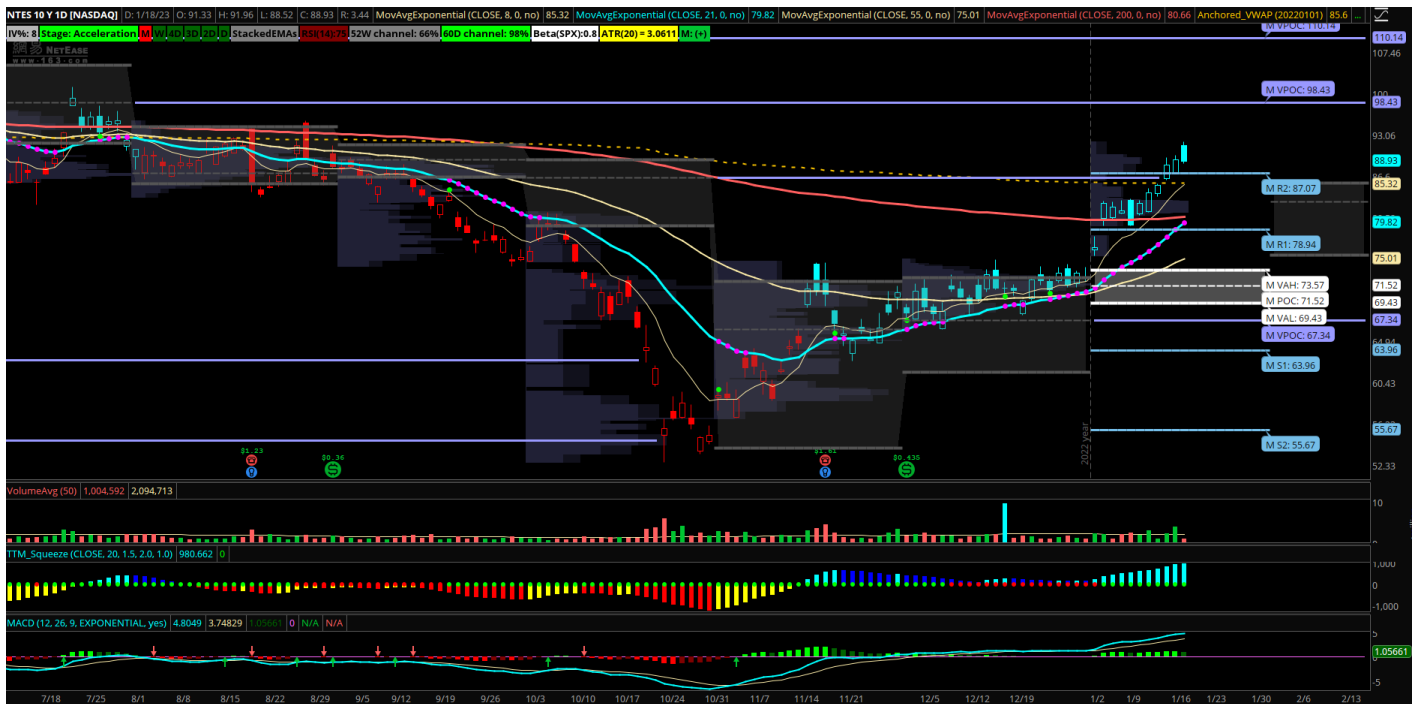
China Gaming Tech Name Seeing Call Buyers Look for Follow Through

Ticker/Price: NTES (\$88.90)

Analysis:

NetEase (NTES) on 1/13 saw a large buyer of 2000 February 10th \$83 calls at \$6.00 of over \$1.4M and also a smaller buy of 1000 Feb 10th \$90 calls for \$3.60. NTES also has recently seen buys for 450 January 2024 \$110 calls at \$7.70 and still has 1750 June \$75 calls in open interest from buyers on 11/4 at \$6.00. Earnings due Feb 23rd so these call buyers looking for follow through higher into early Feb ahead of earnings. Shares have been strong with China names rallying to start the year and NTES hitting 90 this week so a bit extended and can pull back to its 8 EMA at 85.50 possibly. The stock has pushed above its one-year VWAP also showing strength so any consolidation here above 85 likely sets up next leg higher to 98 where an untested VPOC is still near the 100 round number and 105 is top of 2022 yearly value area. The \$58.5B company trades at 17.3x earnings, 3.0x sales, FCF yield at 6.2% while revenue is expected to grow +5% in FY22 and +8% growth estimated in FY23. NetEase is a China-based technology company. The Company operates through four business segments. The Online Game Service segment is engaged in developing and operating online game services that cover mobile games and personal computer (PC) games. Average analyst target is \$107. Morgan Stanley out positive this week saying the share price of NetEase will rise in absolute terms over the next 60 days due to raised forecasts/guidance as game revenue growth inflection coming earlier than the Street expects, driven by strong performance of Egg Party, and license approval for Justice mobile on January 17. They have a \$107 target and Overweight rating. Citi raised to \$100 target recently and has a Buy rating citing the company's solid Q3 results and has strong self-development capability and cash flow generation. HSBC lowered their target to \$105 from \$122 but still keeps a Buy rating. Short interest is at 0.8%. Hedge fund ownership fell 10.5% last quarter.

Hawk Vision:



Hawk's Perspective: NTES is a solid trend so any dips to 8 EMA at 85-86 is likely a buy for next run to 100 level. These shorter dated call buys are interesting and look for a quicker move.

Confidence Ranking: \$\$