

SPOTLIGHT OPTION TRADE



Internet Stock with Potential M&A Upside Offers Attractive Risk-Reward

TRADE SNAPSHOT

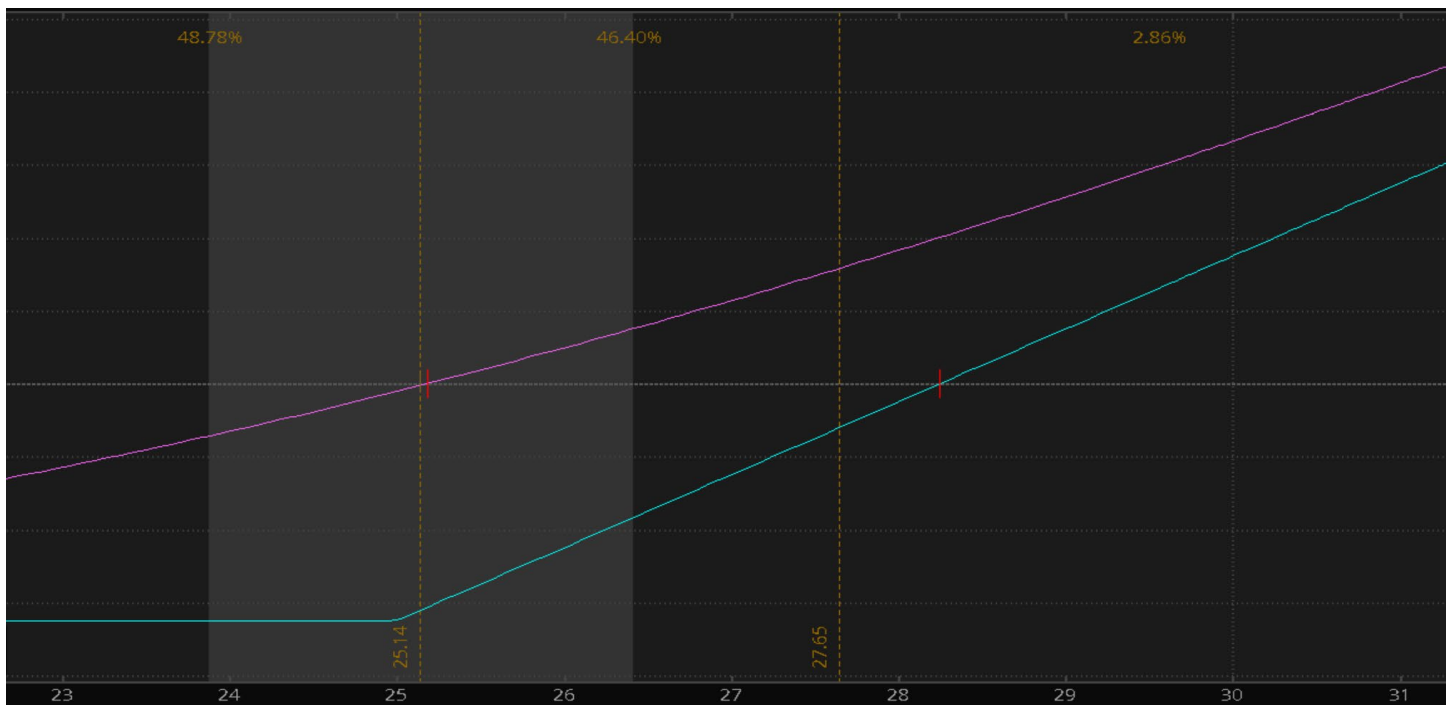
TICKER	PINS
SECURITY	Pinterest
SECTOR	Communications – Internet Content/Ads
CURRENT PRICE	\$25.14
LONG/SHORT	Long
TARGET	\$33
STOP	\$22
TIMEFRAME	3 Months

Trading Strategy: Long PINS March \$25 Calls at \$3.25 or Better

Net Debit/Credit: Debit \$3.25

Profitability Zone: PINS Above \$28.25 on March OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: PINS forming a long consolidation range with the 200-MA supportive on the recent dip and making higher lows. A move out of this range measures to a \$31 target while VWAP from its IPO is at \$36.50.



Fundamental Analysis: PINS has a \$17B market cap and trades 32.7X Earnings, 26X EBITDA and 4.5X EV/Sales with revenue seen rising 14.8% in 2023 with 28% EBITDA growth, accelerating growth name in an industry seeing deceleration. Elliott Investment Management took a big take in PINS earlier this year and a lot of speculation of a potential sale as a final outcome. PINS also has a new CEO from Google. PINS has a platform for advertising products and is a top play into the social shopping theme. PINS is seeing strong inflection in FCF margins and is profitable with 10.9% EBIT margins. PINS has struggled to grow/retain users with its innovation of offerings which has led to slower ad growth which creates lower monetization. PINS is also going through a transition to shift its engagement toward lower-monetizing creator economy video offerings. PINS continues to innovate and increase the ways for consumers to complete purchases on Pinterest. Checkout is a new tool, currently available in beta for select merchants in the US, that allows users to shop and complete their purchase without leaving the Pinterest shopping experience. Analysts have an average target of \$28 with short interest at 4.8% of the float. Piper upped to Overweight last week with a \$30 target seeing multiple tailwinds in 2023 with recent positive advertising surveys and better active user trends as well as margin expansion. PINS has over \$2.5B in cash and could look to a buyback.

Options Activity:

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI ▾	▲ Price %
06-10-2022	PINS	PINS 100 17 MAR 23 25 CALL	1,010	\$2.85	3	0.44	67.38%	\$287,850	\$3.25	50,602	▲ 14.04%
09-13-2022	PINS	PINS 100 17 MAR 23 25 CALL	2,222	\$4.45	1,595	0.58	70.22%	\$1,022,120	\$3.25	50,602	▼ 26.97%
12-15-2022	PINS	PINS 100 17 MAR 23 25 CALL	44,389	\$3.43	6,103	0.59	63.09%	\$15,536,150	\$3.25	50,602	▼ 5.25%
10-24-2022	PINS	PINS 100 17 FEB 23 27.5 CALL	2,501	\$1.97	1,308	0.38	79.97%	\$520,208	\$1.7	15,610	▼ 13.71%
10-31-2022	PINS	PINS 100 17 FEB 23 27.5 CALL	3,302	\$2.92	3,833	0.48	69.74%	\$967,486	\$1.7	15,610	▼ 41.78%
11-01-2022	PINS	PINS 100 17 FEB 23 27.5 CALL	4,306	\$2.74	7,192	0.47	69.91%	\$1,179,844	\$1.7	15,610	▼ 37.96%
11-16-2022	PINS	PINS 100 16 JUN 23 24 PUT	2,472	\$4.05	39	-0.36	65.66%	\$1,025,880	\$3.8	13,518	▼ 6.17%
01-21-2022	PINS	PINS 100 19 JAN 24 17.5 PUT	1,000	\$2.59	0	-0.14	57.84%	\$259,000	\$2.1	13,030	▼ 18.92%
05-04-2022	PINS	PINS 100 19 JAN 24 35 CALL	2,515	\$3.85	3,147	0.44	54.55%	\$968,275	\$2.71	12,786	▲ 29.61%
01-19-2022	PINS	PINS 100 19 JAN 24 25 CALL	2,019	\$12.9	1,492	0.76	64.58%	\$2,978,025	\$6.55	11,877	▼ 49.22%
05-24-2022	PINS	PINS 100 19 JAN 24 10 CALL	1,300	\$9.5	12	0.85	80.04%	\$1,228,500	\$16.35	11,541	▲ 72.11%
05-25-2022	PINS	PINS 100 19 JAN 24 10 CALL	5,004	\$10.4	1,252	0.87	79.17%	\$5,504,400	\$16.35	11,541	▲ 57.21%
12-15-2022	PINS	PINS 100 19 JAN 24 25 PUT	6,000	\$5.15	5,419	-0.36	56.47%	\$3,150,000	\$5.2	11,410	▼ 0.97%
03-16-2022	PINS	PINS 100 19 JAN 24 20 PUT	552	\$4.35	20,752	-0.26	55.3%	\$262,200	\$2.97	10,611	▲ 31.72%
04-12-2022	PINS	PINS 100 19 JAN 24 20 PUT	1,554	\$4.35	901	-0.29	52.11%	\$675,990	\$2.97	10,611	▼ 31.72%
11-22-2022	PINS	PINS 100 19 MAY 23 14 PUT	1,815	\$0.82	341	-0.10	79.52%	\$148,830	\$0.48	10,159	▲ 41.46%
03-09-2022	PINS	PINS 100 20 JAN 23 23 CALL	1,013	\$6.95	570	0.68	65.43%	\$724,295	\$2.95	9,293	▼ 57.55%
07-27-2022	PINS	PINS 100 17 FEB 23 22.5 PUT	218	\$6.25	10	-0.53	69.31%	\$137,340	\$1.4	9,048	▲ 77.6%
11-18-2022	PINS	PINS 100 17 FEB 23 22.5 PUT	1,846	\$2.42	1,539	-0.34	71.68%	\$446,732	\$1.4	9,048	▲ 42.15%

Potential Catalysts: Earnings / M&A / Buyback

Disclaimer:

Not Investment Advice or Recommendation

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