



Pinterest Bulls Position for Continued User Momentum

Ticker/Price: PINS \$22.50

Analysis:

Pinterest (PINS) with 2,500 March \$20 calls being bought on the morning up to \$3.90 and follows buyers this week in the February \$22.50 calls and February \$18 calls. The August \$24 calls also seeing buyers in January while put sellers active across the February \$22.50 and \$23 strikes. Shares started 2020 by working out of a multi-week base and downtrend from the August highs and now with a small flag under a major VPOC from the IPO at \$25. The \$11.97B company trades 11.8X sales and 7X cash with a path to accelerating profitability by 2021 (forecasts calling for \$0.30/share). PINS has seen steady revenue growth and expected to be 30%+ in both FY21 and FY22. PINS has delivered strong results since going public with a steadily growing audience and engagement metrics improving. On 1-14, EMarketer data showed that PINS is now the third-largest social media platform in the US after surpassing SNAP and forecasting over 90M users by 2022. Analysts have an average target for shares of \$28. Pivotal raising their PT to \$25 this week while Wells Fargo upgrading to Buy with a \$30 PT. The firm sees engagement gains, ongoing platform optimization and more video on the platform as catalysts. Piper mobile downloads data positive on 1-3 noting that activity improved in Q4 and International a big standout up 29%. Short interest is 2.7%. Hedge fund ownership fell in Q3 with Third Point and others selling but Hawk Ridge, Thorntree, and Polar Capital notable buyers. PINS has seen one notable open market buy since going public at \$27.04 in April when a director bought \$1M in stock.

Hawk Vision:



Hawk's Perspective: I think PINS is a strong rebound story in 2020 as they continue to grow the user base which gives them a position of strength for monetization efforts and profitability estimates may be conservative. PINS will report on 2-6, one to watch for a position there.

Confidence Ranking: \$\$