



FEATURED OPTIONS RADAR REPORT



Roblox Bulls Position for Accelerated Monetization, Earnings Lift

Ticker/Price: RBLX (\$78.25)

Analysis:

Roblox (RBLX) buyers active today 1,750 August \$82 calls for \$4.05 and follows bullish flow earlier this week in the November \$75 calls, August 6th (W) calls and put sales, and January 2023 calls. RBLX has seen size buyers in the Aug. \$85 calls recently, over 3500X, while the August \$80 call also with bullish flows. Large put sales have been popular out in October and December around the \$60 and \$70 strikes. Shares have traded down from 52-week highs near \$104 in May and bouncing this week off of YTD VPOC. A move back above \$82 key to shifting momentum back towards the buyers and can target high-volume nodes at \$86.25 and then \$93 on a move. The \$45B company trades 95X earnings and 39X sales with mid-20% growth. RBLX operates an online gaming platform that focuses on user-generated content creation. RBLX has been hugely popular during the pandemic, especially among younger demographics, and boasts over 42M DAUs. They introduced a premium experience in early 2021 and focus in 2021 has been on conversion of their massive base into more paid users and monetizing the platform. They also see more opportunity for advertising and expansion into International markets. RBLX expects to face tough comps from the pandemic and recent metrics already showed a slowdown Y/Y in user growth, albeit still a robust player within the massive mobile gaming market that is expected to hit \$150B by 2023. RBLX earnings will be 8-16 and closed higher by 21.3% in May. Analysts have an average target for shares of \$85 with a Street High \$103 from Truist. The firm out on 6/1 citing optimism around new features and platforms along with extensions such as learning, entertainment. Citic with a Buy rating and \$96 PT recently as they think Generation Z's penetration and monetization will drive continued rapid income growth. Benchmark started at Sell on 7/13 as the metaverse platform was a social utility during the pandemic that could unwind as social restrictions are removed and schools reopen. Short interest 4.5%. Tiger Global a big owner of stock, 40M shares, while Altimeter with 2.77M shares.

Hawk Vision:



Hawk's Perspective: RBLX has pulled back to ideal support around this big volume node from April and offers a nice risk/reward for a run back above \$80 ahead of earnings

Confidence Ranking: \$\$