



## Call Buyers Expect New Highs in Sea Ltd.

**Ticker/Price:** SE (\$41.30)

### Analysis:

**Sea Ltd (SE)** buyers active yesterday for 1,300 March OTM \$47 calls for \$1.25 and follows buyers last week of the February \$44 calls and 2,000 Jan. 2021 \$50/\$35 bull risk reversals. SE has seen size buyers of the Jan. 2021 \$45 calls as well. SE shares are coiled in a small flag above its rising 20-MA with a breakout targeting \$46. MACD is nearing a bull crossover and steady trend higher since earnings in November. The \$18.88B company trades 11.2X sales and 8X cash with estimates for 25% to 35% revenue growth the next two years. SE recently raising their outlook as they continue to monetize users well and expand their share in e-commerce. SE sees Latin America as a key driver of growth the next 2-3 years with more than 600M potential users. The company has seen success with their multiplayer battle royal title Free Fire which is driving user growth and engagement across all of their major markets, especially paying users. Analysts have an average target for shares of \$45. Piper with a \$54 PT on 11-12 and sees a rise in connectivity growth, along with a "secular rising tide" in the company's core verticals of online gaming, e-commerce and digital payments, driving strong near-term growth and long-term profitability. SE will gap higher this morning after Goldman upgraded shares to Conviction Buy, moving their PT to \$50 from \$42.50. The firm thinks 2020 is the year for Sea's e-commerce business to demonstrate its path to profitability alongside high gross merchandise volume growth. Although the stock has more than tripled last year, the firm sees further upside from the growing Southeast Asian/Taiwan internet space. Short interest is 5.9%. Hedge fund ownership rose 4% in Q3, Tiger Global with 13.5M shares while Lone Pine Capital, Kora Management, Coatue, Melvin Capital, and Sachem Head all notable holders.

### Hawk Vision:



**Hawk's Perspective:** SE is an exciting growth name, a multi-year story, and a worthy investment though with news driving shares higher on the open, likely will be better entries in time.

**Confidence Ranking:** \$\$