

SPOTLIGHT OPTION TRADE



Positioning in Snap for Strong Q2 as Ad Budgets Shift to New Platforms

TRADE SNAPSHOT

TICKER	SNAP
SECURITY	Snap Inc.
SECTOR	Tech – Social Media
CURRENT PRICE	\$18.23
LONG/SHORT	Long
TARGET	\$20+
STOP	\$15.75
TIMEFRAME	3 Months

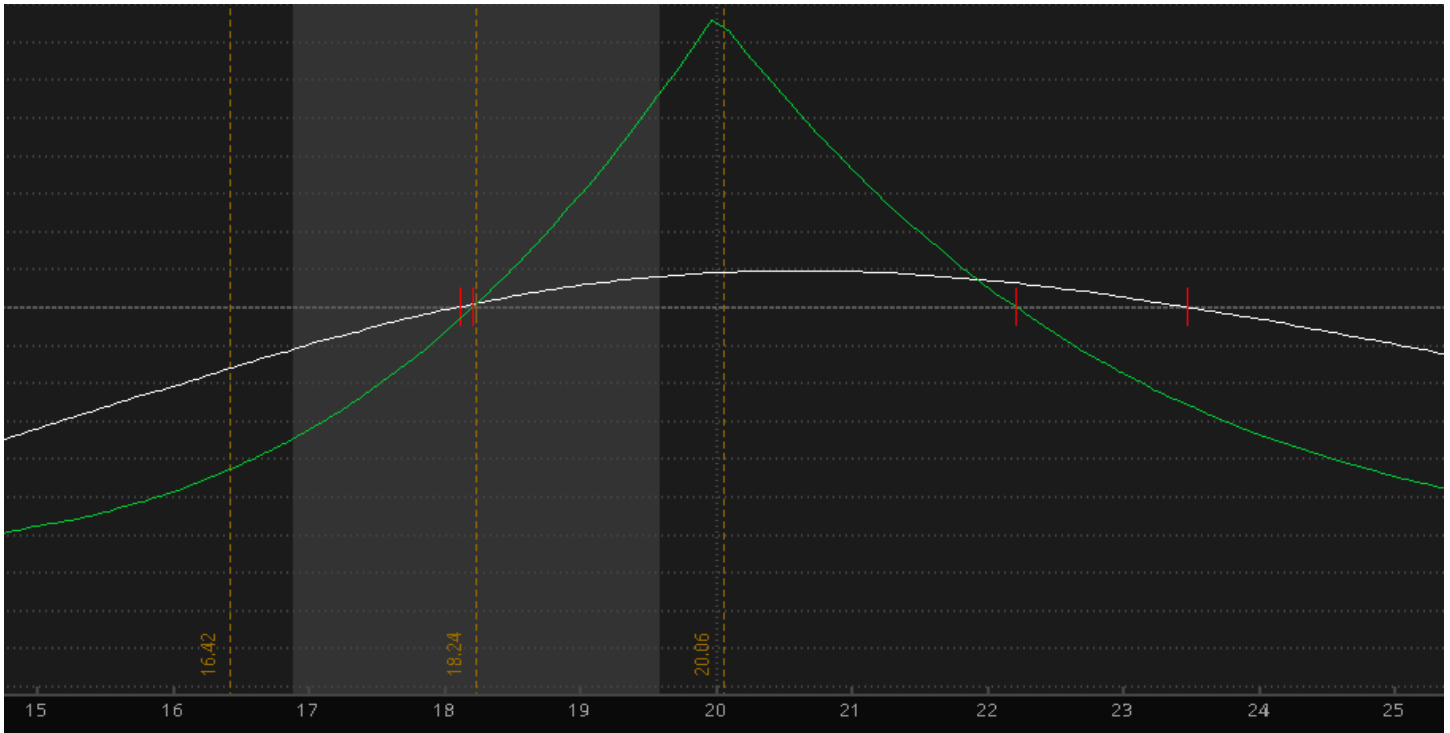
Trading Strategy: Long the SNAP July/August \$20 Calendar Call Spreads at \$0.65 Debit

Net Debit/Credit: Debit of \$0.65

Profitability Zone: \$18.50 to \$21.50 on July OpEx; \$20.65+ on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: SNAP is starting to work out of its post-earnings strong move consolidation pattern but is likely to face plenty of longer term resistance overhead, and reason behind the structure of this trade.



Fundamental Analysis: The \$26B company currently trades 12X EV/Sales and revenues grew 45% in 2019 with growth rates of 22% and 38% seen for 2020 and 2021. SNAP also expects to reach profitability in 2021 and should start to see operating leverage kick in. Time spent and viewership on our content platform continue to grow rapidly. SNAP sees a large opportunity with the shift to content viewing on Mobile as opposed to TV. Snapchat now powers billions of daily AR experiences, with each of its daily active users interacting with augmented reality nearly 30 times every day on average. This high level of engagement with augmented reality has made Snapchat an appealing platform for creators and developers to build and distribute new augmented reality experiences. SNAP expects to invest significantly in both maps and gaming over the coming years, and views these as important opportunities for growth. Daily Active Users jumped 20% Y/Y in Q1. SNAP is also nearing positive FCF inflection. Analysts have an average target of \$17.60 and short interest remains elevated at 13.4% of the float. Citi cut shares to Sell on 5/6 with a \$14 target on valuation concerns and overly optimistic estimates, not expecting recent momentum to be sustainable. Loop Capital last week positive with a \$22 target citing strength in ad growth and sees its rapid growth and user engagement attracting more marketers. Hedge Fund ownership declined 26.6% in Q1 filings, Edgewood with a notable new large position though.

Average Revenue Per User ¹



Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
5/20/2020	SNAP 100 15 JAN 21 21 CALL	5,008	975	\$2.12	0.45	54.26%	28.78%	\$1,081,728	.SNAP210115C21
5/13/2020	SNAP 100 21 AUG 20 15 PUT	2,020	1,218	\$1.43	-0.31	63.71%	43.15%	\$270,680	.SNAP200821P15
5/11/2020	SNAP 100 21 AUG 20 19 CALL	2,568	2,360	\$1.95	0.5	58.69%	37.71%	\$490,488	.SNAP200821C19
5/8/2020	SNAP 100 21 AUG 20 19 CALL	1,718	1,482	\$1.99	0.511	58.73%	38.64%	\$341,882	.SNAP200821C19
5/5/2020	SNAP 100 16 OCT 20 18 CALL	3,510	1,008	\$2.38	0.54	56.68%	39.06%	\$845,910	.SNAP201016C18
5/1/2020	SNAP 100 (Weeklys) 29 MAY 20 18 CALL	8,426	336	\$0.59	0.356	55.24%	29.99%	\$497,134	.SNAP200529C18
4/24/2020	SNAP 100 15 MAY 20 16 CALL	15,404	6,407	\$0.93	0.529	59.71%	47.08%	\$1,432,572	.SNAP200515C16
4/20/2020	SNAP 100 15 MAY 20 13.5 PUT	2,297	0	\$1.62	-0.5	98.27%	60.04%	\$372,114	.SNAP200515P13.5
4/3/2020	SNAP 100 15 MAY 20 11 PUT	4,719	755	\$1.30	-0.432	87.46%	55.25%	\$613,470	.SNAP200515P11
3/27/2020	SNAP 100 15 MAY 20 12 CALL	3,602	7,204	\$1.30	0.52	87.35%	39.14%	\$475,464	.SNAP200515C12
3/27/2020	SNAP 100 17 JUL 20 12 CALL	2,128	1,792	\$2.00	0.595	72.94%	43.40%	\$425,600	.SNAP200717C12
3/26/2020	SNAP 100 15 MAY 20 12 CALL	1,932	1,820	\$1.46	0.55	87.23%	42.01%	\$285,936	.SNAP200515C12
3/17/2020	SNAP 100 21 JAN 22 10 CALL	2,024	3,411	\$2.45	0.6	67.60%	25.57%	\$528,264	.SNAP220121C10
3/17/2020	SNAP 100 17 JUL 20 9 CALL	2,055	677	\$1.80	0.59	87.72%	38.77%	\$361,680	.SNAP200717C9
3/13/2020	SNAP 100 (Weeklys) 1 MAY 20 11.5 PUT	3,473	0	\$1.74	-0.442	96.25%	58.31%	\$604,302	.SNAP200501P11.5
3/12/2020	SNAP 100 21 JAN 22 8 CALL	1,003	579	\$4.39	0.78	53.16%	51.70%	\$481,440	.SNAP220121C8
3/9/2020	SNAP 100 17 JUL 20 12 CALL	1,364	330	\$2.07	0.59	70.09%	42.64%	\$301,444	.SNAP200717C12
3/6/2020	SNAP 100 17 JUL 20 12 PUT	2,212	1,367	\$1.52	-0.347	65.98%	50.18%	\$336,224	.SNAP200717P12
3/5/2020	SNAP 100 16 OCT 20 12 PUT	3,502	60	\$1.41	-0.28	57.17%	44.14%	\$486,778	.SNAP201016P12
3/3/2020	SNAP 100 21 JAN 22 10 PUT	3,000	1,016	\$1.89	-0.21	53.20%	46.47%	\$606,000	.SNAP220121P10
2/28/2020	SNAP 100 17 JUL 20 14 PUT	4,103	2,012	\$1.93	-0.4	57.16%	54.28%	\$779,570	.SNAP200717P14
2/11/2020	SNAP 100 21 JAN 22 35 CALL	46,259	1,005	\$1.51	0.27	49.34%	9.91%	\$7,170,145	.SNAP220121C35
2/11/2020	SNAP 100 17 JUL 20 17 PUT	2,507	1,208	\$1.79	-0.38	48.09%	50.40%	\$453,767	.SNAP200717P17
2/10/2020	SNAP 100 17 JUL 20 21 CALL	3,036	2,728	\$1.04	0.34	46.31%	23.61%	\$315,744	.SNAP200717C21
2/4/2020	SNAP 100 17 JUL 20 20 CALL	2,210	2,114	\$2.20	0.51	50.77%	37.80%	\$486,200	.SNAP200717C20
1/31/2020	SNAP 100 17 JUL 20 21 CALL	1,708	979	\$1.52	0.416	48.97%	29.26%	\$259,616	.SNAP200717C21
1/17/2020	SNAP 100 17 JUL 20 23 CALL	1,527	78	\$1.29	0.36	47.43%	24.01%	\$198,510	.SNAP200717C23
1/13/2020	SNAP 100 21 JAN 22 30 CALL	1,001	1,476	\$2.23	0.37	49.42%	14.96%	\$236,236	.SNAP220121C30
1/8/2020	SNAP 100 17 JUL 20 19 CALL	6,908	1,177	\$1.65	0.45	48.98%	31.17%	\$1,139,820	.SNAP200717C19

Potential Catalysts: Earnings July 21st (Unconfirmed Date)

Disclaimer:

Not Investment Advice or Recommendation

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