

**Ticker/Price:** SNAP (\$62.60)

Snap (SNAP) shares rebounded nicely last week off the rising 21-week moving average and notable activity saw 8000 October \$70 calls bought on 3/5 that added to open interest after 5000 opened on 3/4 into weakness, a large position in a name that sees a lot of activity daily but the long-term nature and size of these trades is one to focus on. SNAP shares are also in a large weekly rising channel pattern since the big candle last October with room to new highs around \$75 by month-end. The \$90B social media application has positioned itself as a key advertising platform for the younger generations that advertisers are looking to target. SNAP is trading 24.5X FY21 EV/Sales with revenues seen rising 52.5% in 2021 and 45% in 2022, a hyper-growth name, and also seeing a major ramp in profitability growth. SNAP hosted an Analyst Day in February that outlined its longer-term vision with multiple avenues of monetization via maps, games, and viral videos. SNAP has also positioned itself as a leader in Augmented Reality (AR) with 200M people engaging daily. The SNAP camera can solve math equations, scan wine labels to find ratings, reviews and prices, tell you the name of the song you're listening to and so much more. SNAP Stories has become the largest revenue driver for the company. The Snapchat Generation makes up 40% of global consumers and already yields \$1 trillion in purchasing power. Analysts have an average target of \$75 and short interest is 6.4% of the float. On 2/23 Goldman out with a Buy rating and raised its target to \$92 noting the long-term opportunity as platform functionality expands, the audience grows, and monetization reaches its potential leaves the risk/reward in owning SNAP deeply in favorable territory. KeyBanc raised its target to \$87 noting 50%-plus revenue growth is the new normal and products like Spotlight and Maps are becoming more meaningful contributors, and sees significant earnings power. MSCO and UBS also raised targets to \$85. Hedge fund ownership surged 23% in the latest quarterly filings, Edgewood with a \$3B stake, Lone Pine with a new stake as well.

21 Dec 28 Dec 2021 11 Jan 19 Jan 25 Jan Feb 08 Feb 16 Feb 22 Feb Mar 08 Mar

Date: 2021-03-12 O: 58.33 H: 64.36 L: 57.09 C: 62.69 Vol: 23.4m
 SMA (55) 56.97 SMA (200) 37.20 EMA (34) 59.29 EMA (8) 59.34 EMA (21) 60.18

Volume Profile

53.68

Volume: 333.7k Call Volume: 290.7k Put Volume: 43.0k

$(\text{SNAP_DELTA}(90, P, -0.25) - \text{SNAP_DELTA}(90, C, 0.25)) / \text{SNAP_DELTA}(90, C, 0.50) = (0.6963 - 0.7186) / 0.7072 = -0.03$

Confidence Ranking: \$\$