



Unusual Put Sale Sees Value in Consumer Electronics Leader

Ticker/Price: SONY (\$82)

Analysis:

Sony Group (SONY) with an interesting trade on 12/5 that sold 1500 January 2024 \$85 puts to open at \$9.75 for nearly \$1.9M in premium. SONY also has 4500 short April \$50 puts and 2500 April \$90 calls in open interest. SONY shares trended lower throughout 2022 but recently have rebounded with the Yen and forming a weekly flag with shares right at the 200-week EMA. A potential near-term upside level to target is \$89 as VWAP off its highs and a 38.2% retracement while the 50% retracement near \$98 lines up with a key longer-term VPOC. Sony is engaged in the development, design, production, manufacture and sale of various kinds of electronic equipment, instruments and components for consumer, professional and industrial markets such as network services, game hardware and software, televisions, audio and video recorders and players, still and video cameras, mobile phones, and image sensors. Sony's business units include Games/Network, Music, Media, Electronic Products and Imaging/Sensing Solutions. SONY has a market cap of \$99.6B and trades 13.3X Earnings, 8X EBITDA and with a 2.8% FCF yield. Forecasts see revenues down 1% in FY23 and jumping 5.4% in 2024. The Nikkei reported in November that Sony is supplying the latest image sensor for the new iPhone. Sony has revised operating income lower for the Gaming/Network segment the last two quarters and is focused on improving. Sony made a splash in last Vegas at the annual Consumer Electronics Show by unveiling a new high-tech prototype car partnered with Honda. Analysts have an average target of \$125 with short interest low.

Hawk Vision:



Hawk's Perspective: SONY is at the 200-MA and looks set to break higher, the stronger Yen should be a tailwind and the stock is cheap on valuation while having a lot of optionality across its many business segments.

Confidence Ranking: \$\$