



FEATURED OPTIONS RADAR



High Growth Advertising Platform Sees Bulls Accumulate for Further Upside

Ticker/Price: TTD (\$73.59)

Analysis:

The Trade Desk (TTD) on 12/22 saw a large long-term bull sell to open 1000 January 2026 \$60 puts at \$11.15 and raising over \$1.2M in put premium. This follows recent large call buyers on 12/15 for 1000 March \$55 deep ITM calls at \$22.50 and 650 March \$57.50 ITM calls at \$19.60 for over \$3.2 million in combined calls bought. TTD still has some size buys of 10k Jan 2025 \$70 puts bought in late July but also more recent buyers of 1000 Jan 2025 \$80 bull synthetics for 5.50 debits and still has over 1000 Jan 2025 \$90 calls in OI from buyers at \$15. The \$36.1B tech advertising company trades at 51.9x earnings, 15x sales, FCF yield of 1.9% with revenues expected to rise +22% in FY23 and growth estimated at +20% in FY24. The Company through its self-service, cloud-based platform and ad buyers creates, manages, and optimizes data-driven digital advertising campaigns across ad formats and channels, including display, video, audio, in-app, native and social, on a multitude of devices, such as computers, mobile devices, and connected television. Magna Global estimates that the overall U.S. advertising industry is growing at 5% this year, and digital spend or the digital ad market pie is expected to grow by 10%. Shares have been rallying back into a gap fill now after the earnings selloff was the day it bottomed right into the 60 level and the past 6 weeks has been grinding up as the overall market rewards the longer duration growth names now that yields have likely peaked. TTD is pulling back to the top of its monthly value support this past week and that lines up with the rising 200-day MA at 73.60 as well. A solid risk reward zone here to lean against the 70-73 region with potential trend resumption higher being able to target the 89-94 zone where two untested VPOC's sit overhead. Average analyst price target is \$76. Citi raising its target last week to \$90 from \$68 and keeps a Buy rating citing the North American internet names with fundamentals as better positioned going into 2024 than into 2023 and sees a strong set up for performance in 2024. HSBC initiated with a Buy rating and \$83.20 target last week noting Trade Desk's position as the leading and largest independent Demand Side Platform with a track record for innovation should support continued outperformance in the fast-growing programmatic space. DA Davidson added the name to its Best of Breed Bison list and \$78 target saying TTD has strong competitive positioning and exceptional financials. The company is a differentiated Ad Tech asset with sustainable competitive and scale advantages, having established itself as the leading platform for programmatic digital ad buying on the open Internet. Adding that TTD has 80% gross margins, adjusted EBITDA margins north of 40%, and a 65% free cash flow conversion. Short interest is at 2.7% and has decreased by -8% in the past 3 months. Hedge fund ownership rose 19%. Eagle Assets started a 1.27 million share position last quarter. Cathie Wood's Ark Investments also owns 170K shares with average cost basis near \$72/share.

Hawk Vision:



Hawk's Perspective: TTD is a solid growth name although not cheap, can see further rebound with rate headwinds behind the markets for now. The Feb \$75/\$85 call spreads at \$3.25 offer a good risk/reward with defined risk.

Confidence Ranking: \$\$