



Bullish Option Trades See Opportunity into Comcast Weakness

Ticker/Price: TTWO (\$107.50)

Analysis:

Take-Two Interactive (TTWO) with 5,000 January \$110 calls bought on Friday, \$14, as the \$120 calls roll back in strikes. TTWO has some notable put sales around Friday's closing price as well in the March 27th (W) \$105, March \$105, and March \$110 strikes. TTWO has pulled back about 20% from 52-week highs and back around the 50% retracement of the rally from the February 2019 lows. TTWO is also forming the right shoulder of a big monthly inverted head and shoulders under \$140 that measures up to a long-term target around \$190/\$200. The \$12.1B company trades 24.38X earnings and 4.22X sales. TTWO sees FY22 as a big rebound year with 30% revenue growth and 27.4% EPS growth and likely comes on the back of some highly watched but as-of-yet unannounced pipeline projects like Grand Theft Auto 6 and Bully 2. They are also entering a major cycle with next-generation console releases coming at year-end from both Microsoft and Sony. TTWO President Karl Slatoff noted new details and launch timing alleviates some uncertainty for the company and becomes a big driver. "We believe it will be very robust and a great thing for the industry. And again any time that you have these kind of advancements in tech, it creates opportunities... to create experiences that we know consumers are going to want to engage with for very long periods of time even after the initial sale. So to the extent that we have got the ability to do that for all indications is that we will and we expect this will lead to growth for our company." Short interest is 3.8%. Hedge fund ownership fell 6.66% in Q4 with Eminence Capital and Melvin Capital both with large positions but selling some. The last notable insider buys was in August 2018 when a director bought \$10M in stock at \$133.93. Analysts have an average target for shares of \$133. Sun Trust positive on 2-10 expecting FY23 to be the "GTA Launch Year" while near-term visibility remains cloudy. Wedbush sees ample room to top 'conservative' long term estimates with a number of games to potentially boost their topline higher.

Hawk Vision:



Hawk's Perspective: TTWO sets up well into the next video game console cycle, wild market currently and above the \$112 ledge would be meaningful to trade versus recent lows.

Confidence Ranking: \$\$