



FEATURED OPTIONS RADAR REPORT



Twitter Calls Accumulate as New Products/Services Drive Stronger Monetization

Ticker/Price: TWTR (\$60.3)

Analysis:

Twitter (TWTR) seeing a surge in bullish positioning this week that appears to be targeting its next earnings report on 7-22. The August \$70 calls were bought 13,500X on 6/8, the August \$75 calls bought 11,000X on 6/9, and on 6/10 the August \$55 ITM calls bought 2500X for nearly \$2M. TWTR also has 6000 December \$70/\$85 call spreads in open interest from 5/28, a buyer of 10,000 September \$60 calls on 5/24, and over 9000 January \$70 calls with a large buy adding on 4/20. TWTR sold off hard after its latest earnings report and briefly dipped below the rising 200-day moving average but have now trended higher and working into that large earnings gap with the 55-day moving average currently acting as resistance. TWTR's weekly reversal came right at a 50% retrace of the rally since 2020 and retested a key flag breakout from February 2020. A higher low has now been established and next major resistance in the \$64/\$69 zone with a move above likely targeting new highs to \$85. TWTR is a global platform for public self-expression and conversation in real time. TWTR continues to invest in improving its platform and increasing monetization initiatives making the platform more attractive for both users and advertisers. TWTR has also been active in expanding features and has been acquiring smaller companies to allow for its platform to accept payments, long-form newsletters, Twitter Spaces for audio and more. TWTR hosted an Analyst Day in February and the company expects to grow mDAU to at least 315M by Q4 2023. Management reiterated its long-term operating margin target to be in the mid-teens, as well as an adj. EBITDA margin target of 40%-50%. The \$46.5B company trades 55.7X Earnings, 25X FY22 EBITDA, 7.6X FY22 EV/Sales and revenues seen rising 29% in 2021 and 23% in 2022. Analysts have an average target of \$64 and short interest low at 2.5% of the float. Goldman raised its target to \$112 after the February Analyst day seeing a favorable reward/risk in owning shares as users and advertisers increasingly find utility in the platform, new features and services are introduced, and live events return. Vertical Group raised shares to Very Positive this week citing new campaigns and product releases driving accelerated momentum in business trends. Mizuho out noting the new subscription service for Twitter Super Users could drive modest upside to revenues. TWTR's CFO noted that e-commerce is an important lever for the company back on 5/25. Elliott added to its position in Q1 filings while Whale Rock started a new position.

Hawk Vision:



Hawk's Perspective: TWTR was a recent profitable play for us and I continue to see upside for shares to \$80-\$85, so like owning on dips.

Confidence Ranking: \$\$