



FEATURED OPTIONS RADAR REPORT



Size Calls Bought in Lagging Social Media Stock

Ticker/Price: TWTR (\$64.17)

Analysis:

Twitter (TWTR) this week seeing a surge in November \$67.50 call buys with action on 8/23 and 8/25 looking to send open interest above 10,000 for around \$4M in purchases. TWTR has seen some put flows as well which could be hedging with 5000 December \$57.50 puts on 8/16 and 5000 September \$57.5 puts on 7/30. TWTR has notable September \$60 call open interest from size buys on 5/24 and flows out in January 2022 and 2023 expirations have skewed strongly bullish. TWTR has lagged the recent Tech rally recently dipping back near the rising 200-day moving average and recovering back above key VWAPs off May lows and remains in an uptrend off the March 2020 lows. On the weekly a cup and handle is forming, though the cup a bit deeper than prefer, and above \$72 would measure towards a breakout move to \$90+ with the \$63/\$72 zone key volume nodes. 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%. TWTR currently has a market cap of \$51B and trades 53X Earnings, 9.4X EV/Sales and 187X FCF with revenues seen growing 37% this year and 20-25% annually the next three years with strong EPS and EBITDA growth as well. Analysts have an average target of \$72 and short interest is 2.6% of the float. Arete out cautious this week with a Sell rating and \$33 target seeing it weak among social platforms for capturing ad revenues and sees the \$7.5B sales target for 2023 as unlikely. BMO has a \$70 target on the sidelines awaiting channel checks on the new direct response advertising and e-commerce initiatives. OpCo raised its target to \$85 in July after strong Q2 results and sees it benefitting from a record ad spending environment. Hedge Fund ownership jumped 12% last quarter, Aristotle adding to a large position, Whale Rock starting a new position, and Elliott continuing to build its stake.

Hawk Vision:



Hawk's Perspective: TWTR has overhead clusters of resistance and would like to see it back above \$66, but also sets up well versus recent lows for a low-risk trade with these November calls the right vehicle.

Confidence Ranking: \$\$