**Date: 2/26/2019**

**Asset Type: TTWO**

Rockstar games and 2K and Social Point🡪 mobile

**Portfolio Percentage:**

**Entry Price:**

1. First Entry: around low 80s
2. Second Entry: around 70s
3. Third Entry

**Target Price:**

1. Best Target: 116$ max
2. Worst Target: 95$ short term

**Timeframe:**

1. Timeframe 1 🡪 short term 3-6months
2. Timeframe 2 🡪 1-2 years

**Fundamental Analysis:**

* Market Size and Profitability Analysis: market is growing fast. There is a big opportunity with Esports, branding, clothing, and licensing.
  + Market size: currently 135B industry. 180B industry by 2021 + Esport ~ 1B
    - Mobile games 70B 🡪 growing 20% yoy 🡪 HERE IS WHERE EA IS PROFITING THE MOST
    - PC games 30B 🡪 growing 1.6% yoy
    - Console 35B 🡪 growing 5% yoy
    - Esport 🡪 600M right now growing at 30% yoy
  + Profit 🡪 15-25% margins
    - Revenue 🡪 5B, international sales are 40-45%
      * Income Stream 1: 2K,Rockstar Games, Private division (RPGS), and Social Point
        + Operating margin of 50%; however, they are spending too much/ reinvesting capital leading to just .15 total margins
      * Income Stream 2: Console 🡪 80% of revenues ( PS3, Nintendo,xbox)
        + Mostly digital. Social Point is a leader on mobile games just acquired by TTWO. Could be their start to enter mobile strong
    - Costs 🡪
      * Fixed
        + Little costs, high margins
      * Variable
        + Nothing unexpected
* Cashflow and EPS Analysis
  + 113M shares outstanding
  + Conservative PE = 17-19 , max 39
  + 2.58B\*1.3\*.15/.113 \* 17 = 75$ is a Fair Price
  + Growth opportunity 🡪 5B\*.15/.113 \* 17 = 116$ 🡪 Best case 🡪 this is possible if they start releasing more extra content in their games instead of just relaying in selling games

**Technical Analysis:**

* True Value Analysis
  + Best moment to buy is at negative/low True values after good growth
* Bear Market Analysis
  + 2011🡪 about a year 45-50% drop
  + 2008 🡪 financial crisis , 80% drop in 1 year
  + Small drops 🡪 15% for about 3 months
* Financials Analysis
  + LOTS OF CASH
  + NO DEBT
* Correlations with assets/indicators/etc.
* LJB/Competitors Analysis
  + As good as EA