



Fortinet Attracts Call Buyers

Ticker/Price: FTNT (\$83.25)

Analysis:

Fortinet (FTNT) holding just above support and rising with 1,280 April \$85 calls bought to open \$3 to \$3.16 and IV continues to rise this afternoon with 2,060 trading on the day up to \$2.90. FTNT does still have 3,880 March \$80 puts in open interest but these will be the most notable position after March expiration next week. FTNT shares broke out of a large base in January at the \$74 level and have recently pulled back not reaching the 2018 highs. Shares have important support near the low this week. The \$14.3B provider of cybersecurity solutions trades 35.2X Earnings, 26.3X FCF and 6X EV/Sales. It expects 15.9% revenue growth this year with 13% EPS growth and is a FCF margin leader at 32.5%. It presented at the RSA Security Conference yesterday. FTNT is seeing strength in new products and set to benefit from 5G. Analysts have an average target of \$87 on shares and short interest elevated at 6.5% of the float. First Analysis upgraded to Outperform with a \$92 target on 2-8 seeing a significant opportunity with its SD-WAN solutions in the evolving security needs with the coming adoption of 5G. OpCo raised its target to \$97 after its latest report seeing a strong product refresh cycle. Hedge Fund ownership jumped 14.65% in Q4 filings.

Hawk Vision:



Trading Strategy: FTNT has always delivered strong numbers and trades at an attractive valuation to peers while the 5G opportunity can be sizable. The overall market is currently showing weakness, but FTNT a name to look to when Tech sentiment improves.

Confidence Ranking: \$\$