



Call Buyer in SAP Looks for Software Giant to Rally

Ticker/Price: CLDR (\$10.92)

Analysis:

Cloudera (CLDR) another 2,000 January \$10 puts being sold to open today for \$1.40 to \$1.35, spot where 20,000 sit already in open interest, and follows 10,000 January 2021 \$7.50 puts sold to open on Friday. CLDR has seen buyers in the May \$12.50 calls, over 9,900X, while the May \$10 and August \$10 puts have also seen sellers. CLDR has been in a weak trend since early 2017 and back near recent lows and high-volume node support. Shares have a long-term channel target up to \$16 but a move above \$12.50/\$13 key to improve sentiment. The \$1.78B company trades 3.4X EV/sales and 4.5X cash with limited debt. CLDR expects to move into profitability in 2020 with revenue growth over 7.9% in 2019 and 21.9% in 2020. CLDR is coming off a messy quarter with the switch to new accounting standards as well as a number of one-time charges related to their merger with HortonWorks. The deal makes the NewCo a leader in Hadoop open-source software to store and process data. The company has focus on data centers as well as public/private cloud where they see big opportunity. Analysts have an average target for shares of \$20 with 13 buy ratings and 7 hold ratings. Needham with a \$28 PT on 3/14. They see the long-term opportunity compelling as the two move past integration costs and changes in billings duration. DA Davidson with a \$23 PT given solid recent business trends into 2019. Short interest is 3.9% and down from 8% in late 2018. Institutional ownership rose 71% last quarter. RenTech a buyer of 3.1M shares while Contour Asset Management, Raging Capital, and Alyska all buyers. CLDR saw a Director buy 10,000 shares on 3/21 a \$11.55 and same person bought \$324K in stock in April 2018 at \$12.99.

Hawk Vision:



Trading Strategy: CLDR price action has been lousy though with the options positioning and insider buy likely a good long-term value at this level, just a messy situation for timing. I liked HDP which is now part of the Co. so can see potential over time.

Confidence Ranking: \$