



Unusual ITM Call Buys in Domo

Ticker/Price: DOMO (\$30)

Analysis:

Domo (DOMO) with buyers early for 1,000 February \$30 calls for \$6.70 and volume up over 1750 now on the day with 275 February \$35 calls also being bought up to \$5.10. Shares have traded back to the 50% retracement of the recent run up to \$47. DOMO is forming a small base and looking to clear a downtrend above \$31 which targets a VPOC at \$36/\$37 from April. RSI is moving back above 50 and MACD with a bullish crossover recently. The \$820M company trades 5.3X cash and 4.93X EV/sales with expectations for 22.4% and 22.3% revenue growth over the next two years. DOMO focuses on cloud-based solutions for managing businesses on mobile devices. They have a wide enterprise base with over 1,600 customers and a 75% CAGR since 2014 and growing ARR. They have end-market reach to retail, healthcare, media, CPG, and more. Shares fell 18% on earnings in early June but recovering quickly. They had 29% subscription revenue growth and 22% billings growth while announcing an expanded relationship with AWS. Analysts have an average target for shares of \$37 with 7 buy ratings and 1 hold. MSCO positive on 6-7 seeing the reaction to earnings disconnected with the fundamental strength. They think improving sales productivity, expanding renewal rates, and larger deal sizes are all signs of building enterprise momentum. On 6-11, JMP noted that the recent deals for Tableau and Looker have positive lateral implications for DOMO. Short interest is 9.9% but down from recent highs around 17%. Hedge Fund ownership fell 6.75%. Hunt Lane Capital a buyer of 800k shares while Moore Capital and Cooper Creek also concentrated holders. DOMO saw insiders buying stock in July 2018 around \$21 with the CEO buying \$2.1M.

Hawk Vision:



Trading Strategy: DOMO is trading at attractive levels with this pullback and clear support level to trade against with the 200 day MA.

Confidence Ranking: \$\$