



Bullish Positioning in High Growth Leader Okta

Ticker/Price: OKTA (\$131)

Analysis:

Okta (OKTA) with more than 1300 August 30th (W) \$135 calls bought on the day up to \$6.50, targeting earnings on 8-28 in the name which has been showing relative strength. OKTA has seen buyers in the September \$135 calls and September 6th (W) \$138 calls recently while the September \$110 calls bought near \$25 on 8-1. OKTA had 1,000 August \$132 puts bought last week but likely protective and will expire prior to earnings. Shares have been strong all year and flagging in a multi-week range under new highs at \$140 with the 50-day MA just below the early lows today. A move higher targets \$160 while MACD is back near zero and curling higher and RSI also setting up for a run. The \$15.5B company trades 34.5X EV/sales and 28.3X cash with 30.9% and 30.7% sales growth forecast the next two years. OKTA expects profitability in FY22 behind higher subscription mix and a shift towards larger contract, high-margin deals. Analysts have an average target for shares of \$105. BMO starting at Neutral on 8-1, \$155 PT citing valuation despite expected long-term growth in the identity market. Needham raising their PT to \$154 on 7-17, the analyst excited about the momentum coming out of its OKTANE19 user conference where the management announced new features and capabilities continues driving robust growth. Deutsche Bank with a \$152 PT seeing more large companies move to Okta as they increasingly migrate workloads to the cloud. The firm sees OKTA displacing legacy identity solutions. Short interest is 6.9%, rising for much of 2019 but off of peak highs. Hedge Fund ownership rose marginally in Q2. Sequoia Capital the top holder with 13.8M shares while Gilder Gagnon Howe and Coatue also notable. OKTA reports on 8-28 with a strong history, higher eight of the last ten.

Hawk Vision:



Hawk's Perspective: OKTA is one of the strongest growth Software names out here with impressive metrics and clear relative strength showing it is one of the top names to own.

Confidence Ranking: \$\$