



Bulls Look for Recovery in Growth Leader Okta

Ticker/Price: OKTA (\$97.50)

Analysis:

Okta (OKTA) trying to hammer early w/ 1000 Oct \$103 calls bought for \$2.40. OKTA has 3500 October \$110 calls in open interest that accumulated with buyers, now firmly underwater but still a few weeks left until expiration. OKTA also has a lot of call open interest in November spread across multiple strikes. Shares are trying to hammer at the rising 55 week MA and a 50% retracement of the big 2018/2019 run. The \$11.9B provider of an identity platform for enterprises is trading 19.7X EV/Sales and has been posting impressive results, over 55% revenue growth in 2019 and 40%+ seen in FY20. OKTA will speak at the Berenberg Conference on 10-3. OKTA expects profitability in FY22 behind higher subscription mix and a shift towards larger contract, high-margin deals. Analysts have an average target of \$143 on shares and short interest is 8.6% of the float. DA Davidson raised its target to \$131 recently with success of new products and large deal momentum, a company firing on all cylinders. JP Morgan raised its target to \$168 from \$127 citing impressive growth and product portfolio. Piper boosted its target to \$160 saying OKTA is in a class of its own. Hedge Fund ownership fell 6.9% in Q2 filings, Gilder Gagnon & Howe and Alkeon notable holders.

Hawk Vision:



Hawk's Perspective: OKTA is one of the finest growth names in the market, but valuation has caused the group to come out of favor, though this can turn quickly, so giving a clear low to trade against today.

Confidence Ranking: \$\$