



Go-Daddy Put Buyers See Further Weakness

Ticker/Price: GDDY (\$62)

Analysis:

Go-Daddy (GDDY) with buyers of 2,000 ITM November \$65 puts for \$4.50 to \$4.60, sizable position and follows buyers of 685 May \$55 puts on 10-2. GDDY has seen some January \$67.50 and \$62.50 put buys in August but otherwise a quiet name, some short calls continue to roll as well in the October \$70 strike 4500X. Shares are near a weekly bear flag breakdown under \$61 which targets \$55. Longer-term, GDDY is consolidating below weekly cloud resistance and above a big volume gap which measures under \$50 after forming a lower high in April. The \$11B company trades 62.5X earnings and 3.9X sales with debt-heavy balance sheet as they have been on a bit of an M&A and investment move lately. GDDY expects EPS growth to slow into FY21 under 10% for the first time in years while revenue growth also slows Y/Y in both FY20 and FY21. GDDY lowered their net adds outlook in Q2 seeing 700-800K this year which is raising concerns over their 2023 target of ~23M. Analysts have an average target for shares of \$89. JP Morgan cautious on 10-1 after checks with Verisign (VRSN). The firm notes that domain adds had their first noticeable shortfall in quite some time recently and with website building and naming cyclical in nature, could be the beginning of a longer-term trend. Short interest is 3.2% and up from around 2% in June. Hedge fund ownership fell in 1.5%. 12 West Capital, Egerton, and Brahman Capital notable holders. Eminence also opened a new position.

Hawk Vision:



Hawk's Perspective: GDDY remains one of the weaker Tech names in a clear downtrend and has plenty of downside potential. Bounces to the 50 day MA have been the prime spot to fade.

Confidence Ranking: \$\$