



CrowdStrike Draws Call Buy into December Earnings

Ticker/Price: CRWD \$50.60

Analysis:

CrowdStrike (CRWD) buyer of 2,000 December \$50 calls this afternoon up to \$4.20 to open and follows buyers of 2,000 December 13th (W) \$48 calls on 11-8 as well as 500 of the \$48.50 calls and on 11-6 the January 2021 \$55 calls with buyers around \$8.75. CRWD has also seen some December \$45 and \$ 42.50 puts sold to open into this recent base. Shares are down 55% from the August highs but forming a narrow base over the last month and today working back above the 20-MA with a bullish 8/20 EMA cross and bullish RSI divergence as well. CRWD has room back to October's value-area high at \$60 and longer-term up to \$70 that is a VPOC from September. The \$10.25B software/security company trades 12.4X cash and 28X EV/sales with expectations for 42.5% and then 29.5% revenue growth the next two years. CRWD continues to post strong numbers with subscription nearly doubling in Q2 while margins were up 500 bps. They continue to focus on customer adoption and added more than 700 customers (+10%). CRWD has notable long-term runway and remains well positioned well to disrupt the \$7B endpoint security market as they build out their product library from core detection and response capabilities to IT hygiene, vulnerability management, and more. Short interest is 3.6%. Notable fund buyers last quarter include Jericho Asset Management, Whale Rock, Melvin Capital, Tiger Global, Third Point, and OZ Management. Analysts have an average target for shares of \$83. Goldman Sachs upgrading to Neutral yesterday and continues to view CRWD as a leading next-generation endpoint security vendor with a better risk/reward with the recent selling. Nomura with a Buy and \$65 PT on 10-23. The firm sees sales growth accelerating driven by their superior proprietary technology, rapid customer adoption, and open architecture will continue to drive greater adoption both within security and beyond. Needham a buyer on the dip noting that checks show a surprisingly low risk environment for CRWD as legacy players are falling away.

Hawk Vision:



Hawk's Perspective: CRWD is triggering out of this small base today and nice risk/reward vs the recent lows for a trade higher. They'll have earnings on 12-5 and a limited history.

Confidence Ranking: \$\$