



CrowdStrike Bulls See Momentum Continuing

Ticker/Price: CRWD (\$72.85)

Analysis:

Crowd-Strike (CRWD) with an opening seller of 2,500 October \$45 puts today for \$1.60 and popular strategy in the strong name. Today's action is admittedly pretty far OTM but CRWD has a lot of near-the-money flows including sellers in the October \$72.50 puts recently and buyers in the October \$65 calls for more than \$1.1M on 4/16. CRWD has a lot of OTM call open interest as well including buyers in late April in the May \$80 calls, July \$90 calls, and June \$100 calls. Shares are run strong since early-March and working out of an 8-month base recently above \$67.50 which aligns with yesterday's low. The longer-term move targets \$90.50 and shares traded as high as \$100 in July 2019. The \$15.3B company trades 16.5X cash and 20X EV/sales with mid-20% revenue growth and a strong ramp in profitability coming in the next 2-3 years. CRWD is coming off a strong quarter with 90% subscription growth, strong cash flows and COVID-19 proving not to be a barrier to new deals. The company is one of many benefiting from more widespread Work-from-Home policies during the pandemic as companies look to secure a wider array of devices. CRWD is expanding their Falcon Prevent product for Home Use, especially across ransomware which has been prevalent, while also introducing Burst Licensing for remote workers. Analysts have an average target for shares of \$76. BTIG raising their PT to \$80 on 5-1 noting that WFH is expanding their TAM while driving an acceleration in adoption of cloud form factors and pushing faster migrations away from Broadcom's (AVGO) Symantec. The firm thinks CRWD is in the sweet spot of their growth cycle. Short interest is 1.5% and steadily lower since December when it was 4.5%. Hedge fund ownership is down around 3% but Element Capital a new 7% weight position and Point72 continues to add and now over 2.1M shares.

Hawk Vision:



Hawk's Perspective: CRWD has remained a favorite since our bullish write-up on 3/11 on the continuous options flow and continues to see that, clearly a preferred smart money play in cyber security.

Confidence Ranking: \$\$