



FEATURED OPTIONS RADAR REPORT



Twilio Bulls Active in Top Growth Story in Tech

Ticker/Price: TWLO (\$213)

Analysis:

Twilio (TWLO) with 500 January 2022 \$200 puts sold to open for \$44.75, stock replacement and similar to trades in other high-growth names lately. TWLO has seen some smaller, high-dollar trades recently in the January \$280 calls and the January 2022 \$240 calls but overall a quiet name with much of the recent call buys from April/May deep ITM now. TWLO has been working out of a multi-week consolidation and back-testing the rising 8-EMA today with upside out to \$240 in the near-term. The \$30.86B company trades 22.5X EV/sales with estimates for mid-20% revenue growth and improving profitability. TWLO is coming off a blow-out quarter with active customer account growth of 23% and dollar-based net expansion of 143%, the best since Q4 2018. TWLO is in an ideal spot in a COVID-19 world given accelerated spending towards digital transformations and a big pull-forward in CPaaS adoption. The company sees their long-term TAM around \$100B as they expand use-cases into areas like telehealth, education, fintech and other WFH tangents. The company also noted in May that prior to COVID-19 about 17% of the contact center seats in the market were cloud-based and now they expect that number to be closer to 50% by 2025 which should be a big tailwind to their Flex platform. Analysts have an average target for shares of \$186. Goldman raising their PT to \$225 this morning but remains neutral given higher overall sector valuations. Northland was positive earlier this week especially around activity in the healthcare, education, philanthropy and e-commerce verticals. Piper upgraded to Overweight on 6-15 citing accelerating digital adoption trends in April and May across retail, healthcare, education, communications and media that could offset the first full quarter impact in travel from COVID-19. They also think revenue could hit \$5B in 2025 given TWLO is one of the best positioned digital beneficiaries for the next decade. Short interest is 9.2% and down from 15% in February. Hedge fund ownership rose 13% in Q1. Sands Capital, Abdiel Capital, and Bares Capital notable buyers.

Hawk Vision:



Hawk's Perspective: TWLO has drifted higher since its blowout report last quarter and continues to see consistent bullish flows, one of the top tier Tech growth names.

Confidence Ranking: \$\$