



PagerDuty Bulls Active as Shares Consolidate

Ticker/Price: PD (\$27)

Analysis:

PagerDuty (PD) calls active on 6/15 with more than 8500X trading which is 11.5X daily average, though most notable were buys of the July \$20 calls where 1,395 traded near \$6.50 to open. PD has recently seen November \$25 calls with action and 1885X current in open interest while OTM August \$35 calls with unusual 3,415 in OI. PD has long been a laggard versus peers like Everbridge (EVBG) in the notification software space but shares put in a big reversal candle on the weekly in March and been churning higher ever since, currently with a nice bull flag forming and near a breakout. The \$1.92B provider of an on-call management platform now trades 8.5X EV/Sales after revenue growth of 48% and 41% the last two years and 25% growth seen for 2021. PD is benefitting from an accelerated move to digital as an operations management company and provides automation with a 731% ROI to customers. Current headwinds include Enterprise customers pausing on expansion deals and small businesses under financial strain. The Digital Operations Mgmt. industry is estimates at \$100B with Incident Management at \$25B which includes real time visibility, ticketing, response orchestration, platform integrations and collaboration tools. PD has solid financial metrics like 121% net dollar retention rate and 87% gross margins with 99% subscription venue based, currently over 13,000 customers. Analysts have an average target of \$20 and short interest at 5.7% of the float is down 52% Q/Q. RBC out on 6/5 raising its target to \$34 citing strong new business trends and pipeline momentum. JPM raising its target to \$32 citing upmarket success with customers over \$100K and sees it benefitting in the COVID-19 acceleration to digital. Hedge Fund ownership surged 51% in Q1 filings, ARK Investment with a new position.

Hawk Vision:



Hawk's Perspective: PD put in a strong candle off the 200 MA support and seeing elevated call activity since June started, an interesting name that could regain momentum.

Confidence Ranking: \$\$