



FEATURED OPTIONS RADAR REPORT



Calls Heat Up in Norton Life-Lock on Potential Activism

Ticker/Price: NLOK (\$20)

Analysis:

Norton LifeLock (NLOK) seeing 1800 October \$19 calls opening near \$2.15 and action heating up this afternoon with volume up to 3300X trading up to \$2.35. NLOK shares are in a tightening falling wedge pattern and above \$20.50 would trigger upside momentum. NLOK also has 3500 July \$19 short puts in open interest, 1200 October \$20 calls bought, 3500 December \$15 and 2920 December \$20 calls bought, 4000 January \$20 calls and 3,400 January 2022 \$20 calls bought sitting in open interest. The company announced a \$12/share special dividend back on 1/10 and the WSJ reported back in December that Intel's McAfee was weighing a combination. The \$11.6B security software company trades 4.66X Sales and 13.75X Earnings with a 2.5% dividend yield. NLOK is Starboard's largest position and could see an activist move. NLOK accelerated its transition to become the pure-play leader in consumer cyber safety and will generate \$11.5B in sales proceeds from enterprise assets. NLOK is spending 10% of revenues on R&D to expand features and gain more customers with the growing demand for identity management. Norton 360 has been seeing growth and becoming the major component of its business. Analysts have an average target of \$22 with short interest at 4.8% of the float. Baird raised shares to Outperform on 6-8 liking the story after the sale of the enterprise business to Broadcom, and new leadership driving eliminating costs and improving customer counts. MSCO upgraded in March seeing a path to strong EPS growth with consumer spending for security and identity protection durable in this macro-environment. Alyska started a new position in Q1 filings.

Hawk Vision:



Hawk's Perspective: NLOK looks solid and above \$20.50 can run, a value name with potential value-unlock story developing.

Confidence Ranking: \$\$