



FEATURED OPTIONS RADAR REPORT



Nutanix Calls Stay Active with M&A Reports

Ticker/Price: NTNX (\$23)

Analysis:

Nutanix (NTNX) with buyers active for 2,475 September \$25 calls this morning up to \$2.10 and follows buyers in the Aug. \$20 calls last week over 2700X and the January \$17.50 puts that were sold over 3,200X. NTNX has a lot of longer-term positioning in OI from April including the Jan. 2022 \$17.50 puts sold over 2,000X and the Jan. 2022 \$25 puts sold over 7500X around \$7. NTNX shares are coiled in a multi-week range under the 200-MA at \$25.85 with a gap above from February that retraces back to \$35. MACD is crossing over bullish and RSI back above 50 and out of a downtrend, potential to lead a run higher. The \$4.12B company trades 3.5X EV/sales with estimates for accelerating topline growth up 12% in FY21 and up 22% in FY22. NTNX's transition to a subscription model continues and now 84% of all billings, up from 79%. NTNX is seeing strong demand for their End-User Computing solutions as long-term data center modernization projects accelerated in April/May. The company continues to see new customer adds through EUC and sees healthcare and education as big opportunities given how the pandemic has impacted the end-markets. Analysts have an average target for shares of \$32.50. RBC with a \$27 PT in May noting that the subscription transition continues to accelerate and positions them well for the long-term. JMP with a \$45 PT noting that the pipeline looks healthy and given their billings growth shares remain cheap on a forward-basis. Hedge fund ownership rose near 8% in Q1. Elliott Management a small new position. Short interest is 5.2% and down from 8% in 2019. NTNX was noted last week as a potential M&A target by The Information with GOOGL, HPE, and CSCO potential buyers. The latter tried to buy NTNX in 2016 before it went public.

Hawk Vision:



Hawk's Perspective: NTNX has been a laggard but definitely potential to be a turnaround story, so many higher quality names to trade, so would keep any size here smaller as more speculative.

Confidence Ranking: \$\$