



## FEATURED OPTIONS RADAR REPORT



### Unusual Call Buyer in Allot Communications

Ticker/Price: ALLT (\$12.15)

#### Analysis:

**Allot Communications (ALLT)** trading 30X daily calls with 4,400 September \$12.50 calls being bought \$0.55 to \$0.70, a spot with 1900X in OI. ALLT previously on 8/4 with 1000 March \$12.5/\$10 bull risk reversals opened. Shares are nearing a key breakout of a cup and handle pattern above \$12.50 that measures to a \$15 target. Formula Systems was exploring a potential takeover of ALLT back in 2016 and ALLT based in Israel where unusual options activity tends to be suspicious. The \$400M maker of network intelligence and security solutions trades 3.3X Sales and revenues rose 16.9% and 14.9% the last two years with 23.4% growth seen in 2020 with the company also reaching profitability. ALLT target markets are CSPs and Mid-Large Enterprises and it has \$109M in cash and investments, a strong balance sheet. ALLT sees its addressable market as \$6B. Analysts have an average target of \$14.50 with short interest low at 0.6% of the float and coming off a solid quarter with strong guidance. Lake Street started shares Buy in April noting recent wins and expanding margins while a sharp rise in bandwidth demand at its service provider customers is a positive tailwind. Hedge Fund ownership jumped 13% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** ALLT looks interesting on the chart with some recent volatile moves, a speculative name I think could be a buyout target.

**Confidence Ranking:** \$\$