



## FEATURED OPTIONS RADAR REPORT



### Splunk Bulls Position as Shares Pull Off Highs

Ticker/Price: SPLK (\$194.75)

#### Analysis:

**Splunk (SPLK)** on 11/3 with a bullish spread trade selling 550 December \$180 puts to buy 550 of the \$200/\$230 call spreads which captures earnings late November. SPLK has seen some notable bullish action with 1000 November \$200 calls bought and 1500 January 2022 \$220 puts sold to open while January 2021 \$220 calls have over 3000X in OI from buyers and January 2022 \$210 puts were also sold to open 1500X. SPLK is a tech name that hit new highs in late August and since has consolidated in a range of \$170/\$220 with the lower end a retest of the early 2020 high and breakout level, while a range breakout targets \$270. The \$32.5B software leader trades 13.5X FY21 EV/Sales and revenues seen rising 25% in 2022. SPLK has positioned as a leader in the hot cloud monitoring industry with its SignalFX deal last year. SPLK is a leader in cyber infrastructure tools (namely data/log analytics) offering both on-premise and cloud-based versions of its core product as well as premium add-on solutions covering a growing list of niche use cases. It has been making strategic acquisitions to expand its platform while also transitioning to the cloud model. SPLK has been benefiting from the strong growth in usage and consumption of data from its customers. Its Data-to-Everything platform enables users to investigate, monitor, analyze and act on data regardless of format or source. Splunk has partnerships with mega tech companies like Google, AWS, and Cisco. Analysts have an average target of \$233 with short interest at 5.8% of the float near a two-year high. DA Davidson raised its target to \$250 on 10/22 seeing ARR growth above 40% for the next few years. RBC raised its target to \$255 on progress with the cloud-first model and opportunity to further penetrate its user base. Needham raised its target to \$301 noting rapid innovation. Hedge Fund ownership fell 3.5% in Q2 filings, ARK Investment a notable top holder.

#### Hawk Vision:



**Hawk's Perspective:** SPLK is a long-time favorite name and think it has a long runway for growth while a market cap small enough that someone like Cisco could kick the tires on an acquisition.

**Confidence Ranking:** \$\$