



FEATURED OPTIONS RADAR REPORT



Alteryx Risk Reversals See Value in the Sell-Off

Ticker/Price: AYX (\$113.50)

Analysis:

Alteryx (AYX) with a large bullish trade on 11/17 as 1,477 May \$150/\$90 bullish risk reversals opening at a \$0.75 debit. AYX does not have a lot of significant near-term open interest but in January 2021 the \$155 calls have 3000X and 1370X of the \$120 calls from a buy in early August. AYX has also seen buyers in June \$110 and \$115 calls and 1500 January 2022 \$220 calls. AYX on the chart is forming a large weekly rising wedge and this month pulling back to key VPOC and trend support after selling off on earnings with key support in this \$104/\$107 zone. The \$7.45B software company trades 13X FY21 EV/Sales with revenues seen growing just 15.6% in 2020 and 18.8% in 2021 after 92.7% and 64.8% growth the two previous years. AYX named a new CEO in October and also CTFN reported the company explored a sale earlier this year but the promotion of the Palo Alto (PANW) president to CEO lessens the odds of a takeover/sale now. AYX is a leader in data science & analytics and sees a large and expanding market opportunity. AYX sees a \$50B market opportunity and has over 7000 customers across diverse industries. AYX has 24% operating margins and a 124% dollar-based net retention rate and in Q3 posted 38% ARR growth. AYX sees a long-term target of 35-40% operating margins and 30-35% FCF margins. AYX expects big cloud providers to become large distributors for it in the future and already has a partnership with Snowflake. Analysts have an average target of \$152 on shares and short interest at 14.5% of the float has dropped off the past few months. Citi raised its target to \$213 in October citing the pre-announcement showing improvement in bookings and new business growth, and positive on the new CEO. Wedbush started coverage in August at Outperform with a \$132 target and then raised to \$150 in October expecting Alteryx to exit the pandemic stronger with companies realizing the greater need for analytical rigor. Hedge Fund ownership fell 9.7% in the latest quarter filings, Abdiel, Whale Rock, Kensico and Bares notable concentrated holders.

Hawk Vision:



Hawk's Perspective: AYX is exhibiting inverted IV Skew making OTM call spreads attractive as a strategy, a nice reward/risk set-up here versus \$104.

Confidence Ranking: \$\$