



## Domo Calls Bought into Earnings, Impressive Resilience Shown

Ticker/Price: DOMO (\$26.70)

### Analysis:

**Domo (DOMO)** with 1500 March \$25 calls opening \$3.70 aggressive on the offer, earnings mid-March. DOMO shares strong on Friday working out of a tight multi-week base and has limited notable open interest, though 2500 May \$26 calls in open interest with mixed flows. DOMO shares slid sharply from March 2019 highs to late 2019 lows but starting 2020 with some strong momentum. The \$708.5M operator of a cloud-based platform for real-time data insights trades 4.2X EV/Sales which is fairly cheap for a name growing revenues 31% in 2019, 21% in 2020 and seen to grow 15% next year. DOMO also will host a Domopalooza 2020 event on 3-17. DOMO focuses on cloud-based solutions for managing businesses on mobile devices. They have a wide enterprise base with over 1,600 customers and a 75% CAGR since 2014 and growing ARR. They have end-market reach to retail, healthcare, media, CPG, and more. Analysts have an average target of \$30 and short interest at 11.7% of the float had fallen 35% Q/Q. Needham raised its target to \$35 in December noting the story is back on track with its enterprise/commercial sales strategy shift. Domo has created a unique platform levered to the future requirements of enterprise analytics (self-service and scalability) without the exorbitant costs of implementation, and changes in selling motions could help to unlock the value of this platform. Cowen raised its target to \$35 citing better sales productivity and stronger retention rates. Hedge Fund ownership jumped 23% in Q4 filings.

### Hawk Vision:



**Hawk's Perspective:** DOMO showing zero weakness from the market sell-off is notable and a great pattern versus last week lows for a nice reward/risk in a Software name that screens cheap for growth.

**Confidence Ranking:** \$\$