



FEATURED OPTIONS RADAR REPORT



DynaTrace Put Sellers Confident in Continued Growth in 2021

Ticker/Price: DT (\$49.50)

Analysis:

Dynatrace (DT) with 1,000 November \$45 puts sold to open today around \$5.30 and now volume running over 1,650 on the day with a nice weekly bull wedge setting up still under \$52. DT has seen sellers in the August \$50 puts and May \$47 puts recently while the May \$65 calls also active in mid-March. Shares pulled back into a low-volume gap from February and forming bullish channel with room back to \$52.50 with MACD nearing a bull cross. A move to new highs targets a measured run to \$67. The \$13.6B company trades 17.3X EV/sales with 24% revenue growth in FY22 and 23.5% growth in FY23. They expect to earn around \$0.45/share in FY23, double what they will return in 2021. DT is coming off of a strong quarter with a re-accelerating in new logo growth and net expansion over 120% for the 11th straight quarter. DT was at the Goldman conference on 3/2 and noted they see upside for net expansion rates and growth in 2021 from verticals like travel and entertainment as well as brick-and-mortar commerce which were hit hard in 2020 from the pandemic. They continue to see a large and growing TAM which is now over \$30B and tons of opportunity as more budgets are shifting towards spending on observability platforms. Analysts have an average target for shares of \$56. Goldman Sachs starting coverage at Buy on 3/22 with a \$65 PT as the firm thinks DT has built a durable and balanced business model which has the ability to generate subscription revenue growth at 30%-plus over the long term. Citi with a \$63 PT in early March as their analyst sees healthy growth trends in new customer adds and expansion among existing customers in addition to a financial model that shows potential for continued operating margin expansion. Short interest is 2.25%. Hedge fund ownership rose 2%. Coatue, Thoma Bravo, and Matrix Capital notable holders of stock.

Hawk Vision:



Hawk's Perspective: DT sets up well for a breakout move above \$52 and run back near the highs, a name that should benefit from continued long-term trends in tech

Confidence Ranking: \$\$