



## FEATURED OPTIONS RADAR REPORT



### As Cloud Spending Accelerates, Data Management Leader Should Continue to Thrive

**Ticker/Price:** NTAP (\$91)

#### Analysis:

**Netapp (NTAP)** buyers on 10/6 for 1,700 November \$90 calls for \$4.40 to \$4.50 and traded over 3,325 on the day. NTAP has seen buyers recently in the October \$86 calls and November \$85 calls while the January 2023 \$90 calls remain in OI from February, 1650X. Shares have been on a strong recovery trend since mid-2020 and now flagging above a big range breakout from August. A move outside of monthly value at \$93 can make a nice run with a measured target of \$100. The \$20B company trades 16.5X earnings, 3.4X sales, and 27X FCF. NTAP is coming off of a great report and continues to see themselves in the early innings of enterprise usage of cloud for big mission-critical applications. They noted in August that as more businesses deploy into the public cloud, they should see opportunities around automation, compute, and management for Spot, their analytics platform. NTAP continues to gain share in the Flash market, as well. Analysts have an average target for shares of \$86 with a Street High \$108. MSCO raising estimates on 9/9 citing confidence in both the near- and long-term outlook for Cloud Services. The analyst also has greater confidence that NetApp can hit or possibly exceed its PCS run-rate targets of \$450-500M in FY22 and \$1B by FY25. Loop Capital raising their PT to \$95 recently noting that NetApp's gross and operating margin structure is leveling up stronger than anticipated and seems to have legs. Hedge fund ownership rose 1.5%. Short interest is 4%.

#### Hawk Vision:



**Hawk's Perspective:** NTAP has been a strong story in 2021 and they should continue to benefit from more public cloud deployments in 2022 and heightened spending in the space

**Confidence Ranking:** \$\$