



## FEATURED OPTIONS RADAR REPORT



### NetApp Long-Term Bull Sees Continued Upside from Transformation Efforts

**Ticker/Price:** NTAP (\$67)

#### Analysis:

**NetApp (NTAP)** strong today and 2,500 January 2023 \$90 calls bought \$6.90 to \$7.15 to open, trading in a narrow multi-week range under recent highs. NTAP has seen buyers in the February \$60 calls and sellers in the Jan. \$50 puts and June \$55 puts recently. NTAP shares have been strong since early November and now forming a small six-week bull flag under \$68 with the rising 10-week MA at yesterday's lows. A run higher targets \$75-\$80. The \$14.75B company trades 14.9X earnings, 2.67X sales, and 4X cash with a 3% yield and low-double digit growth. NTAP has been focusing on growing their cloud business after outlining a 2-3 year plan last year to become a dominant force on the high-margin software and services side. NTAP was at the Goldman TMT conference on 1/12 noting that the demand environment remains strong while digital transformation efforts will continue to be a big driver. Analysts have an average target for shares of \$60 with Northland at Street High \$100. The firm raising estimates on 1/12 noting that they think sustained 20+% PCS growth, even after achieving the \$1B ARR target in FY25, is "very viable" given Dollar Based Net Retention Rates and increasing number of workloads and growth of those workloads. Short interest is 4.84% and down from around 7.5% in September. Hedge fund ownership rose 3% in Q3, Ariel Investments a notable buyer. In December, the CFO bought \$958,000 in stock at \$63.89.

#### Hawk Vision:



**Hawk's Perspective:** NTAP sets up well against that 10-week MA and continuation higher has a lot of room to run, one of those names where the shift into more software may be lumpy but so far trend has been positive and that insider buy gives a lot of confidence as well

**Confidence Ranking:** \$\$