



FEATURED OPTIONS RADAR



Bulls Pile into Calls for Identity Access Leader

Ticker/Price: OKTA (\$90.65)

Analysis:

Okta (OKTA) is seeing large bullish call buys this week with 3000 January 2025 \$110 calls bought to open \$11.75 in a stock replacement on 12/27 and 1500 March \$95 calls bought \$7.35 to open. On 12/26 the February \$105 calls bought 4500X to open, the Dec. 29th (W) \$90 calls have 3000X bought in OI, January \$95 calls bought 3000X on 12/15, February \$82.5 calls bought 3000X on 11/29 and January 2025 \$130 calls have seen 15,000 contracts accumulate in OI. OKTA's weekly MACD shifted to bull mode in early December and shares working out of a \$68/\$86 range that measures to a target of \$104 while VWAP off the 2021 highs is at \$117.70 and a 38.2% Fibonacci retracement at \$139. OKTA is a leader in identity management and sees an \$80B market opportunity while in the early innings. The acceleration of digital transformations, cloud adoption and evolving security threat landscape are all driving demand for better identity solutions. The Workforce Identity Cloud simplifies the way an organization's employees, contractors and partners connect to its applications and data from any device, while increasing efficiency and keeping IT environments secure. The Customer Identity Cloud enables organizations to transform their own customers' experiences by empowering development teams to rapidly and securely build customer-facing cloud, mobile or web applications. OKTA has a \$15B market cap and trades 45X Earnings, 31X FY25 EBITDA estimates and 5.7X EV/Sales for FY25. OKTA revenues are seen rising 10.3% in FY25 which starts next quarter while EPS is seen rising 32%. OKTA's recent forward guide underwhelmed as results of its breach are impacting numbers while margins are continuing to move higher. Management spoke to healthy adoption of pipeline around new products like Identity Governance. Key secular themes such as Cloud adoption and an increasingly hybrid workforce drive Okta's growth. Analysts have an average target of \$84 and short interest down 18% Q/Q to 4% of the float. BTIG named OKTA a top Software pick for 2024 with a \$100 target as shares re-rate higher with better execution and new products drive stronger growth the next two years.

Hawk Vision:



Hawk's Perspective: OKTA makes a lot of sense as a large M&A target in cyber-security and shares have run 20% the last three weeks but keep seeing size upside trades. February a popular expiration for positions with call spreads an attractive approach.

Confidence Ranking: \$\$