



FEATURED OPTIONS RADAR REPORT



Bullish Call Buyer in Cloud Software Name with M&A Angle

Ticker/Price: OKTA (\$73.37)

Analysis:

Okta (OKTA) on 2/21 saw a massive buyer of 5000 August \$75 calls for \$11.65 offers and over \$5.8M in total purchased. OKTA has also seen opening put sellers in 300 Jan 2025 \$60 puts at \$12.50 and 1500 August \$50 puts sold to open at \$3 while the March \$75 calls bought on 1/23 over 1800x at \$4.60 still holding in OI. Back on 12/19 also a large buyer of 1200 January 2025 \$70 calls for \$23.15. Shares have been steady higher since the start of year and trying to work into the large gap that closes up at 88 which lines up with the 200-day EMA currently. OKTA has rallied from a strong earnings report last quarter near 52 and held above that gap since December and now pulling into the rising 55 day EMA near 70 with earnings due next week. OKTA has a untested VPOC up at 99.40 while the 2022 yearly POC is at 85 just above current levels. The \$11.6B company trades at 125x EBITDA, 5.2x sales, while revenue is expected to grow +41% in FY23 with +18% growth estimated in FY24. OKTA is an independent identity provider. The Company's Okta Identity Cloud is an independent and neutral cloud-based identity solution that allows its customers to integrate with nearly any application, service or cloud that they choose through its secure platform and cloud infrastructure. Average analyst target is \$81. Needham upgraded to Buy earlier this month and a \$90 target as the analyst believes the company has set conservative guidance for fiscal 2024, calling for just 16%-17% revenue growth. Okta has righted the disruption to both sides of the business resulting from poor Autho acquisition integration and problems to the Enterprise Sales process. Field checks and management commentary support a rebounding of Okta's fundamentals. JPM started with an Overweight recently and a \$90 target saying digital transformation and cloud adoption will continue to drive demand for cloud native identity management technology near term. The firm views Okta as one of the best positioned vendors to benefit from these trends. RBC boosted its target to \$95 from \$80 this month and keeps a Outperform rating citing expectations for meaningful free cash flow margin expansion in FY24. Short interest is at 5.5%. Hedge fund ownership rose 14.3% last quarter.

Hawk Vision:

