



Twilio Bulls Continue to Position for New Highs

Ticker/Price: TWLO (\$101)

Analysis:

Twilio (TWLO) IV steadily higher all morning with over 900 July \$100 calls being bought from \$17.75 to \$18.80, shares not far from new highs ahead of 2-12 earnings. TWLO has seen accumulation in the February \$110 calls recently, over 2,000X, while the April \$115 calls have over 2,400 and the \$120 calls with over 1,450 in open interest form late December buys. The July \$125 calls remain in OI over 2,000X from December buys as well. Shares are consolidating below \$106 and recent highs with the 8- and 13-EMA supportive on the recent move. Shares have a longer-term measured move to \$125 out of the recent quarterly range. The \$9.68B company trades 13X cash and 17X EV/sales with 56% and 115% EPS growth over the next two years. TWLO is settling into a 25-30% revenue growth period after years of exponential growth and targeting \$1B by FY20. The company sees 2019 drivers from a slate of new products launched late last year which will expand their TAM. The company also agreed to buy Sendgrid last year, a leader in cloud-based email delivery which gets them a big foothold into another key vertical. Analysts have an average target for shares of \$89 with 17 buy ratings and 1 hold rating. Keybank with a \$114 PT on 1/8 noting that while margin expansion may slow in 2019, growth fundamentals remain strong and could warrant additional price appreciation on increasing CPaaS usage across 2M-plus developers and broader enterprise penetration. Institutional ownership rose 16.5% last quarter, Tiger Global a buyer of 1M shares while Whale Rock bought nearly 1M and now has over 2.1M total. Short interest is 11% and rising from 5% in November, although likely deal-related coming with the Oct. announcement.

Hawk Vision:



Trading Strategy: TWLO is a top Tech long for 2019 so like seeing this positioning. It looks ready to again hit new highs and despite rich valuation is a very unique growth story.

Confidence Ranking: \$\$\$