



## Call Buyer in Box as Software Momentum Continues

**Ticker/Price:** BOX (\$24.25)

### Analysis:

**Box (BOX)** with a buyer of 3,000 March \$23 calls today for \$2.05 and follows buyers of nearly 3,000 of the \$24 calls over the last week ahead of earnings in late February. BOX has some notable January OTM calls in OI from buyers in August when shares were back near current levels. BOX has been on a strong run recently back to a big volume node from 2018 after pulling back to the 61.8% Fibonacci of the run from the 2016 lows. A move above the 52-week highs targets a continuation of the three-year move towards \$35. The \$3.36B company trades 5.78X EV/sales and 16.78X cash with the company in the early stages of profitability. BOX is on the path towards \$1B in revenue with 20.5% and 19.2% growth over the next two years as they expand product lines across web, drive, and mobile. BOX sees significant opportunity in CCM with a \$40B TAM and nearly 96% recurring revenue while adding partnerships with other leaders like Amazon and IBM over the last two years have broadened their customer base. Analysts have an average target for shares of \$26.50 with 11 buy ratings and 4 hold ratings. Goldman initiating shares at Buy on 2/5 noting that BOX is one of the best-positioned vendors in CCM with bookings set to re-accelerate in 2019 as more companies shift content to the cloud. Piper Jaffray noted in early January that BOX is an ideal target for legacy names in tech looking for cloud exposure. They think PE could also be interested with more deals in the space this year. Craig Hallum positive on 1/24 noting that BOX is on the cusp of experiencing accelerating price/user and price/customer metrics and still in the early stages of product monetization. They see a solid base for 20% revenue growth with improving FCF over the next 2-3 years. Short interest is 4.8%, down from 8.5% in September. Institutional ownership rose 0.5%. Hercules Capital a notable buyer of 1.45M shares.

### Hawk Vision:



**Trading Strategy:** BOX has earnings in two weeks and if it pulls in could provide an opportunity, the \$19.50 breakout trigger has run a long way so have trouble buying it at these levels.

**Confidence Ranking:** \$\$