



FEATURED OPTIONS RADAR REPORT



Palantir Bulls Position for Upside as Lock-Up Overhang Removed

Ticker/Price: PLTR (\$24.55)

Analysis:

Palantir (PLTR) on 3/4 with a massive call buy of 20,000 June \$26 to open at \$4.30 and shares closed +4.8% on a day that growth/momentum sold off sharply. PLTR is traded very actively daily so there is a ton of open interest out there but flows since 2/16 have started to lean more bullish, a large buy-write with June \$30 calls recently and seen buyers of May \$25 calls, April \$30 calls, and opening sales in November \$25 puts and January \$22 puts. PLTR is sitting back at a key volume node of support that held during November and December as shares consolidated, and RSI looks to be bottoming out while MACD improving and could trigger a bullish cross on the daily. PLTR is a software company that is for the intelligence community in the United States to assist in counterterrorism investigations and operations but has since moved into commercial enterprises. Its two main platforms are Gotham, constructed for analysts at defense and intelligence agencies, and Foundry which transforms the ways in which organizations interact with information by creating a central operating system for their data. PLTR is also developing Apollo, a continuous delivery and product infrastructure platform, which is used to deliver software updates to customers and enables the software to run in any environment. PLTR has a \$40B market cap and trades 29X FY21 EV/Sales, rich on valuation, with revenues seen rising 35% in 2021 after jumping 47% in 2020. PLTR has also actively been announcing partnerships, a recent groundbreaking one with IBM that dramatically expands its distribution capabilities. PLTR also secured more large deals in Q4 and reduced customer concentration. Analysts have an average target near \$25 and short interest is around 6.5% of the float. RBC raised its target to \$27 on 2/17 citing a forecast of margin improvement in Q1 though concerned with valuation. Jefferies out positive on 2/17 noting PLTR targeting \$4B in revenues by 2025 and sees it as a unique story with sustainable growth at scale, a \$40 target. Goldman upgraded to Buy on 2/17 with a \$34 target citing \$2.8B in backlog for increased visibility and improvements via channel partners should ramp the commercial opportunity.

Hawk Vision:



Hawk's Perspective: PLTR does look to be basing well and seeing some positive signs in flows, a nice and easy one to manage versus the recent lows.

Confidence Ranking: \$\$