



FEATURED OPTIONS RADAR REPORT



Bullish Open Interest Accumulates in Under-Valued Small-Cap Radware

Ticker/Price: RDWR (\$29.75)

Analysis:

Radware (RDWR) an interesting small-cap that has seen a lot of bullish flow recently including 1000 September \$32 ITM puts and 1000 December \$32 ITM puts sold to open on Friday, 4/23. RDWR has seen sellers in the Sept. \$31 puts over 2,500X as well while the December \$32/\$26 bull risk reversal has been bought 5000X since 4/19. Shares have been climbing steady since early April and moving above YTD value recently at \$28.50. The monthly look is forming a nice bull flag with the recent breakout above value targeting a run to \$36. The \$1.34B company trades 34X earnings, 5.36X sales and 4.3X cash with high-single digit revenue growth and 20%+ EPS growth forecast for FY22. RDWR is a leader in data center cyber security with a fast-growing subscription business and expansive market opportunity. The company has benefited over the last twelve months from more enterprise transitions to the cloud which has driven demand for their DDoS applications, ADC multi-cloud, and firewall services. They see a \$5B+ market opportunity currently with DDoS growing at an 18% CAGR and bot risk management a smaller but growing segment at 25% CAGR. RDWR is shifting into a higher-mix of recurring revenue with more than one third of their total bookings now. They're coming off of a strong quarter and expect 2021 to be a strong early continuation of last year as they ramp sales and marketing investments and selectively go after International opportunities. RDWR reports next in early May. Analysts have an average target for shares of \$30 with a Street High \$33, although limited coverage. Barclays positive in February noting that RDWR is well positioned in 2021 to benefit from enterprise spending recovery and leverage its infrastructure investments into accelerating earnings growth in 2022. Short interest is 4.75%. Hedge fund ownership rose 7% in Q4, Cadian Capital a top holder with 4.3M shares.

Hawk Vision:



Hawk's Perspective: RDWR has long been a favorite small-cap and set for a big acceleration with the big shift into the cloud and IT spending over the next 2-3 years. Shares are extended near-term but back at the \$28.50 level would be of interest

Confidence Ranking: \$\$