



FEATURED OPTIONS RADAR REPORT



Ahead of Earnings, Bulls Pile into Weakness for Emerging Endpoint Security Leader

Ticker/Price: S (\$57.65)

Sentinel One (S) moving to the morning highs with 1,375 January \$60 calls bought from \$7 to \$9.10 in stock replacements, trying to hammer off the low-end of monthly value today and follows buyers earlier this week in the January \$65 calls over 2,725X for \$7.70. Sentinel One has also seen buyers in the January \$55 ITM calls. Shares are also back at trend and channel support from the IPO back in early July with upside targets near the top of value at \$67 and then the channel high up at \$80. The \$15.85B company trades 41.5X 2023 EV/sales with mid-70% growth. The company has shown success with their land-and-expand strategy with strong results in Q2 including accelerating ARR and a record number of \$1M+ customers. Sentinel One continues to benefit from rising demand for endpoint security, many trends amplified by the pandemic in 2020 and continuing into this year. The company sees a long runway as many companies remain in the early innings of a multi-decade transition into the cloud and changes in public/private network configurations. Sentinel One was at the MSCO conference in October and highlighted cloud workloads as a big, untapped opportunity that's growing faster than their core business and their CEO calling the market overall potentially bigger than endpoint within the next 5-10 years, "completely greenfield." Analysts have an average target for shares of \$77 with a Street High \$82. Needham with an \$82 PT for shares citing their accelerating growth rate which will help it grow into its valuation as it builds scale and sales outreach while achieving operational efficiencies. Loop Capital with an \$82 PT as they think Sentinel One benefits from the recent work-from-home trend increasing not only the number of endpoints but also the need to secure and manage them outside of the corporate network. Wells Fargo raising their forecasts in September as they expect continued share gains from both legacy and next-generation vendors, including wins at the expense of CrowdStrike. Hedge fund ownership fell 4.5% last quarter. Third Point a notable buyer of 1.35M shares, a top holder. Short interest is 9.5%.

Hawk Vision:



Hawk's Perspective: S is a very exciting growth name with a ton of opportunities over the next decade and grow into its more lofty multiple; the recent pullback offers a nice risk/reward opportunity ahead of earnings in December

Confidence Ranking: \$\$