



FEATURED OPTIONS RADAR REPORT



Bull Spreads See Positive Reward/Risk in Cloud Communications Growth Co.

Ticker/Price: TWLO (\$349)

Twilio (TWLO) spreads sold 900 November \$300 puts to buy 900 of the \$390/\$440 call spreads, adjusting out of October spreads in a large late day trade on 9/22. TWLO does not have a large amount of notable open interest, these October spreads adjusting were the largest position while 1200 January \$400 calls bought in July remain in OI and 1000 June 2022 \$300 short puts from a trade on 1/14/21. TWLO had an opening sale of 300 ITM January 2023 \$540 puts on 9/20 and 300 June 2022 \$310 short puts on 9/13 as high dollar value trades as well as 600 January \$300 calls bought on 8/13 for \$5M. TWLO shares are just +1.65% YTD and has lagged along with peers facing tough Y/Y comps after the pandemic-driven growth surge. TWLO has been basing the last few weeks above its 61.8% retracement at \$328.50 as well as its VWAP off September 2020 lows. TWLO has plenty of overhead resistance including its rising 200-day moving average and VWAP off the February highs but above \$367 would clear that congestion and open up for a trend move higher. TWLO is the leading cloud communication platform and offers a customer engagement platform with software designed to address specific use cases, like account security and contact centers, and a set of Application Programming Interfaces (APIs) that handles the higher-level communication logic needed for nearly every type of customer engagement. The APIs enable developers to embed voice, messaging, video and email capabilities into their applications, and are designed to support almost all the fundamental ways humans communicate, unlocking innovators to address just about any communication market. Some of the main customer problems TWLO solves include Contact Center, Alerts/Notifications, User Verification, Contactless Delivery, Customer Loyalty and other services. TWLO has a \$59.75B market cap and trades 21X FY21 EV/Sales with revenues seen rising 52% this year and 31.5% in 2022, a top growth name that is also profitable. TWLO's dollar-based net expansion rate was 135% last quarter. TWLO has been active with M&A acquiring SendGrid and Segment in key deals, which has also been an overhang on shares. Analysts have an average target of \$465 with short interest low at 2.2% of the float. Summit recently started coverage at Buy with a \$450 target seeing 30%+ growth through 2025 and sees margin expansion upside and a deep competitive moat. Baird, Jefferies and RBC all raised targets to \$450 after the strong July report. Ark, Coatue, Matric, Whale Rock and Jackson Square all top holders in TWLO.

Hawk Vision:



Hawk's Perspective: TWLO remains a favorite growth name and think it is one that will get back to leading in Q4 2021 and through 2022 as it has a massive opportunity and is a very well-run company.

Confidence Ranking: \$\$