



## FEATURED OPTIONS RADAR REPORT



### Bull Spread Sees Continued Outperformance for HCM Leader

**Ticker/Price:** WDAY (\$283.50)

**Workday (WDAY)** bullish spread on 10/26 bought 1000 January \$290 calls for \$13.70 and sold the \$210 puts for \$1.35 to open. WDAY sees a lot of bullish put sales including recent action across March, June, and January 2023 and 2024. The November \$300 calls are in open interest 2000X from buyers in early October. Shares have been on a strong run lately and nearing a big weekly breakout above \$282.50 with a longer-term measured move out to \$350. The \$70.2B company trades 80X earnings, 15X sales, and 21X cash. WDAY is the leading cloud HCM provider in the US with an ever-expanding suite of financial management products that are driving growth. WDAY is targeting 20% subscription growth on the path to \$10B in total revenue and positioned well around key trends like digital transformation and the changing workforce. WDAY sees opportunity around International, medium-sized enterprises, and expanding within new industry verticals to help transform them into their next major phase. Analysts have an average target for shares of \$305 with a Street High \$340. DA Davidson starting coverage at Buy on 10/13 noting that Workday's ramping international investments should allow the company to sustain its 20% subscription growth as it tracks toward its \$10B revenue target. Canaccord positive in September and confident that a second half acceleration in net new ACV is still likely to play out, likely leading to faster subscription growth in FY23. Wells Fargo positive on 9/20 noting that Q2 results helped to rekindle interest in back-office software and his checks suggest that favorable trends - including a rebound in sales activity, uptick in interest from key verticals, and investments into added sales capacity and product - are coming together in a way that he thinks can drive a healthy multi-year growth curve for Workday moving forward. Hedge fund ownership was flat in Q2. Short interest is 4.25%.

#### Hawk Vision:



**Hawk's Perspective:** WDAY is a bit extended at the moment and would prefer to see it pullback and form a better base before breaking out of this range and perhaps a name to target with bull put spreads into weakness

**Confidence Ranking:** \$\$