



## FEATURED OPTIONS RADAR REPORT



### Bulls Active in Leading HCM Software Player

**Ticker/Price:** WDAY (\$241.2)

**Workday (WDAY)** massive trade on 3/24 as 10,000 June \$200 calls were bought for ~ \$45M and follows an opening sale of 8000 May \$200 puts on 3/23 while 3000 June \$220 puts sold to open on 1/10 remain in open interest as well. WDAY also has a large buy-write with June \$260 calls sold 9500X and has 3750 January \$250 short puts in open interest and 3,740 of the \$240 short puts. WDAY shares are down 12% YTD and have pulled back from \$300 highs in November but are forming a large inverse head and shoulders bottoming pattern with the neckline right near VWAP off the highs at \$250. A move above \$250 would measure back to \$290 and WDAY also recently bottomed at its 144-week moving average similar to many Tech names and weekly MACD is working higher nearing a bullish signal. Workday is a leading provider of enterprise cloud applications for finance and human resources. WDAY held an Analyst Day in September outlining its path to \$10B in revenues with sustained 20%+ subscription growth. WDAY currently has a market cap of \$58.5B and trades 52X Earnings, 39.55X FCF and 9.5X EV/Sales. WDAY forecasts see revenues rising at an 18-20% annual rate the next three years with profitability ramping in FY24. WDAY is coming off another strong quarter with > 30% bookings growth and raising its outlook. Management spoke to solid performance across geographies, and with both strong new customer additions, as well as, solid upselling into existing customers. Analysts have an average target of \$310 with short interest at 4% of the float. MSCO has a \$340 target seeing shares returning to the 'Rule of 40' in FY23. Wells Fargo took its target up to \$340 after the impressive quarter.

#### Hawk Vision:



**Hawk's Perspective:** WDAY has a great looking bottoming pattern and offers attractive valuation with a strengthening story that also has strongly positive operating margins. I can see shares working back to \$300.

**Confidence Ranking:** \$\$