

## SPOTLIGHT OPTION TRADE



### Workday Consolidation of Strong Trend Providing Ideal Entry Point

#### TRADE SNAPSHOT

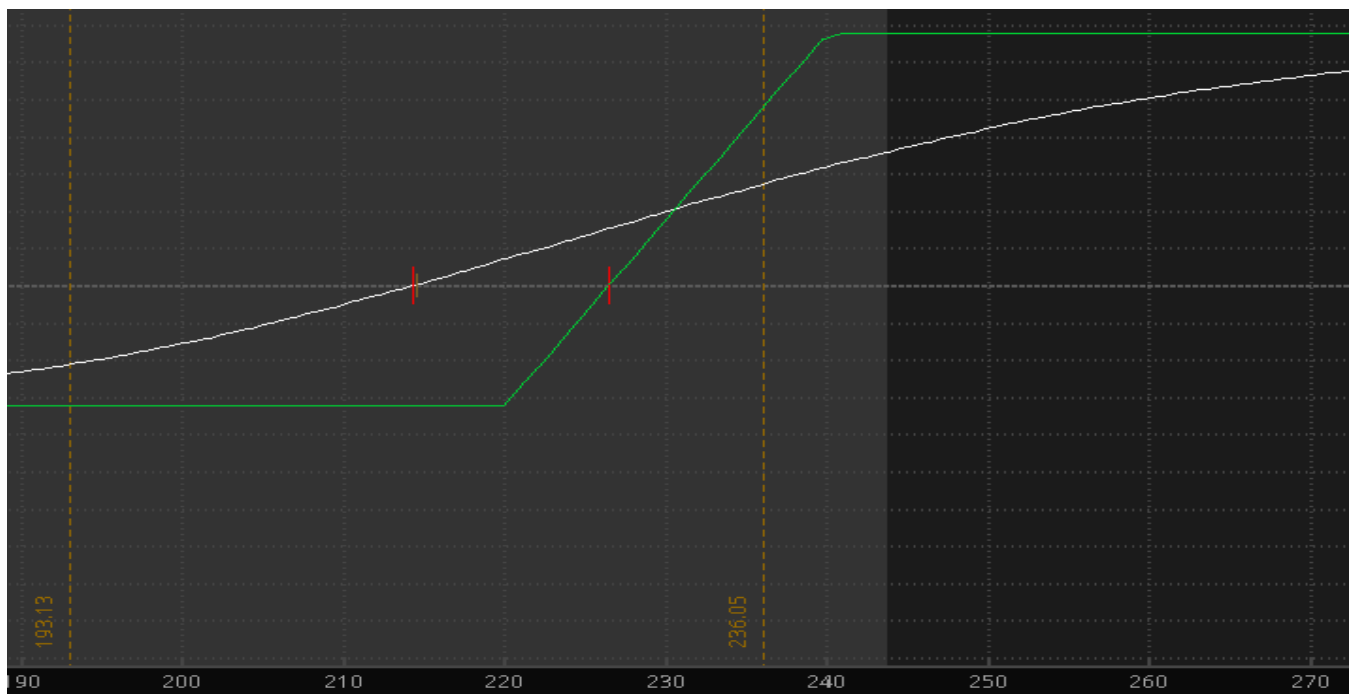
TICKER	WDAY
SECURITY	WorkDay
SECTOR	Tech – Software
CURRENT PRICE	\$214.59
LONG/SHORT	Long
TARGET	\$240
STOP	\$204
TIMEFRAME	2 Months

**Trading Strategy:** Long the **WDAY** September \$220/\$240 Call Spreads at \$6.50 Debit

**Net Debit/Credit:** Debit \$6.50

**Profitability Zone:** WDAY Shares Above \$226.50 on September OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** WDAY shares are in a long weekly rising channel and hitting rising 50 day MA support as well as the mid-channel while RSI stays healthy in a bull range.



**Fundamental Analysis:** Workday is a provider of enterprise cloud applications for finance and human resources, mainly targeting human capital management. WDAY is winning market share from legacy providers with a massive shift to new technology taking place in HCM. WDAY currently has 2700 customers but sees a market with 40,000 potential customers. WDAY recently acquired Adaptive Insights expanding its TAM by \$4B and adding another growth contributor. The \$49.75B SaaS leader trades 96X Earnings and 13.5X EV/Sales. WDAY grew revenues 31.7% in 2019 and sees 26.5% growth in 2020 as well as EPS growing to above \$5/share in FY23 from \$1.36/share in FY19. It has 100%+ net retention rates and over \$5.5B in revenue backlog with a 25% CAGR. Analysts have an average target of \$212.50 on shares with a high of \$262. CSFB is Neutral recently raising its target to \$215 noting a solid Q1 with FY20 more backend loaded, traction in the Financial segment boosting billings growth. BAML has a \$260 target calling it a clear ERP leader with a large TAM, strong renewals, upsell opportunities and sees plenty of opportunity for more revenues and margin expansion with an industry-leading LTV/CAC ratio of 6-7X. BMO raised its target to \$230 on 5-29 expecting meaningful market share wins as the financial reporting market migrates to the cloud. Needham raised its target to \$250 also citing upside in the Financials segment. Short interest is 6.6% of the float back near a five-year low. Hedge Fund ownership fell 1.88% in Q1 filings with Hitchwood and Whale Rock adding to positions. Alkeon Capital owns a large call option position.

### Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
7/17/2019	WDAY 100 16 AUG 19 210 PUT	559	277	\$4.10	-26.79%	-0.311	29.72%	34.18%	\$229,190	.WDAY190816P210
7/16/2019	WDAY 100 20 DEC 19 200 PUT	200	82	\$12.11	12.13%	-0.33	36.25%	41.89%	\$256,000	.WDAY191220P200
7/12/2019	WDAY 100 (Weeklys) 23 AUG 19 230 CALL	323	39	\$5.40	-3.57%	0.38	26.92%	34.74%	\$174,420	.WDAY190823C230
6/26/2019	WDAY 100 17 JAN 20 150 CALL	305	199	\$60.40	-15.76%	0.89	39.61%	82.56%	\$1,842,200	.WDAY200117C150
6/12/2019	WDAY 100 19 JUL 19 180 PUT	1,019	397	\$1.68	-19.62%	-0.112	41.60%	14.02%	\$171,192	.WDAY190719P180
6/7/2019	WDAY 100 20 DEC 19 240 CALL	752	24	\$12.05	43.62%	0.37	35.92%	27.40%	\$906,160	.WDAY191220C240
6/5/2019	WDAY 100 15 JAN 21 200 PUT	500	7	\$38.00	-4.28%	-0.39	41.40%	58.84%	\$2,025,000	.WDAY210115P200
5/29/2019	WDAY 100 17 JAN 20 165 PUT	3,001	215	\$9.50	25.00%	-0.21	41.49%	31.53%	\$2,880,960	.WDAY200117P165
5/8/2019	WDAY 100 17 JAN 20 195 CALL	254	144	\$28.20	0.71%	0.6	38.22%	47.48%	\$716,280	.WDAY200117C195
3/28/2019	WDAY 100 15 JAN 21 220 PUT	550	1	\$50.50	-10.30%	-0.52	35.25%	67.87%	\$2,777,500	.WDAY210115P220
3/7/2019	WDAY 100 17 JAN 20 185 CALL	259	50	\$25.90	0.00%	0.57	39.08%	42.51%	\$670,810	.WDAY200117C185
3/4/2019	WDAY 100 20 SEP 19 160 CALL	12,597	11	\$37.20	-9.27%	0.73	44.19%	61.47%	\$46,860,840	.WDAY190920C160
2/27/2019	WDAY 100 20 SEP 19 250 CALL	500	23	\$6.00	-9.77%	0.22	34.94%	14.81%	\$300,000	.WDAY190920C250
2/25/2019	WDAY 100 15 JAN 21 280 CALL	333	1	\$17.80	15.96%	0.35	36.16%	19.00%	\$592,740	.WDAY210115C280
2/20/2019	WDAY 100 17 JAN 20 160 PUT	500	48	\$13.55	-1.24%	-0.25	41.01%	39.05%	\$677,500	.WDAY200117P160
2/1/2019	WDAY 100 20 SEP 19 220 CALL	210	19	\$11.70	13.59%	0.36	37.64%	25.43%	\$245,700	.WDAY190920C220
12/26/2018	WDAY 100 17 JAN 20 140 CALL	495	291	\$32.00	10.34%	0.69	42.89%	51.83%	\$1,584,000	.WDAY200117C140
12/4/2018	WDAY 100 17 JAN 20 180 CALL	215	66	\$25.40	15.98%	0.56	39.22%	39.90%	\$546,100	.WDAY200117C180
10/18/2018	WDAY 100 17 JAN 20 145 CALL	300	42	\$17.00	8.28%	0.51	36.98%	35.05%	\$510,000	.WDAY200117C145

**Potential Catalysts:** Earnings Early September

**Disclaimer:****Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.