



## FEATURED OPTIONS RADAR REPORT



### Put Sellers See Limited Downside for HCM Leader WorkDay

**Ticker/Price:** WDAY (\$237)

#### Analysis:

**Workday (WDAY)** with a large opening sale on 7/8 for 1,500 March 2023 \$210 puts for \$28.90, a more than \$4.3M position and follows size sellers in the August \$220 puts and June 2022 \$155 puts recently. The March 2023 \$220 puts have also been sold to open over 7000X and we had 11,000 September \$250 calls bought on 6/29 for \$15M. Shares are trading in a nice multi-month base under \$250 and weekly bull wedge that sets up for a big move back to new highs near \$275. The longer-term measured move targets \$340. The \$58B leader in HCM software trades 11X EV sales and 19X cash with mid-teens growth. WDAY is coming off of a solid quarter as their backlog grew 20% driven by strong new bookings from new HCM and financial customers. They continue to see solid renewal rates within their base. WDAY is rolling out new product enhancements in the 2H like scheduling that should help driver further opportunities while they see upside for accounting products, their planning products, and their analytic products as the CFO returns to the office. WDAY also believes that we remain in the early innings for the current cloud refresh cycle in enterprise for ERP. Short interest is 3.2%. Hedge fund ownership fell less than 1%. Lone Pine Capital bought a new 2.15M share position while Whale Rock added a new 1.5M share position. Analysts have an average target for shares of \$275 with a Street High \$325. MSCO positive on 5/27 as the analyst remains confident in the increasing priority of core financials, which he thinks will drive the next leg of growth for Workday. JMP raising estimates to \$310 in April as checks suggest that some of the company's sales representatives could be at 50% of their annual numbers by the end of Q1 as Workday did not see a pandemic boost but is seeing it now.

#### Hawk Vision:



**Hawk's Perspective:** WDAY is a best-in-class name that sets up great for a longer-term move out of this weekly range and explosive potential above \$250

**Confidence Ranking:** \$\$