

SPOTLIGHT OPTION TRADE



Slack Looks Poised for a Turnaround – Long Term Play in Order

TRADE SNAPSHOT

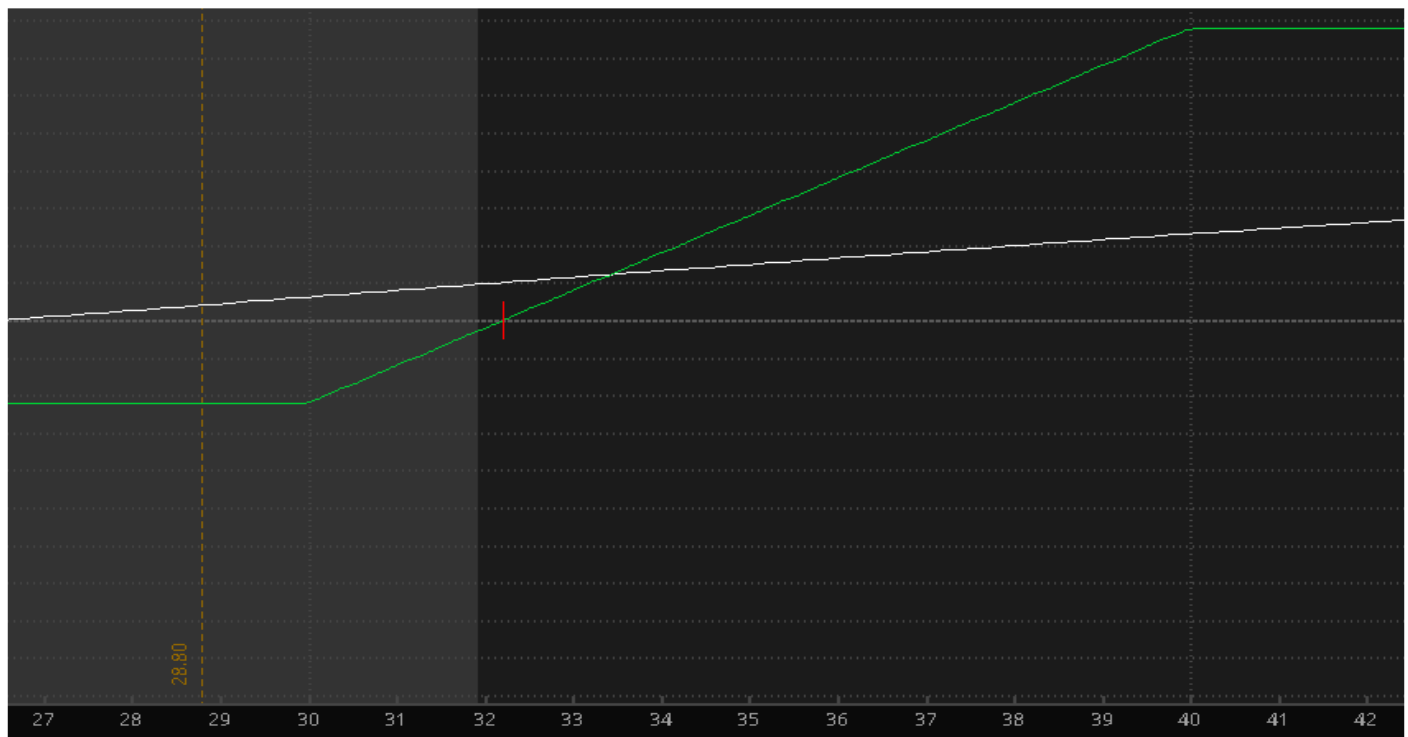
TICKER	WORK
SECURITY	Slack Technologies
SECTOR	Tech - Software
CURRENT PRICE	\$26.10
LONG/SHORT	Long
TARGET	\$40
STOP	\$22
TIMEFRAME	

Trading Strategy: Long the **WORK** January 2022 \$30/\$40 Call Spreads at \$2.20 Debit

Net Debit/Credit: Debit \$2.20

Profitability Zone: WORK Above \$32.20

Options Volatility / Trade Simulator View:





Technical Analysis: WORK has been a laggard partially due to the large number of shares outstanding at 565M but does look poised for a turnaround after retracing back to touch the 61.8% Fibonacci and trend support with a consolidation pattern forming. A move above \$33 would be the start of a strong trend move to new highs.



Fundamental Analysis: The \$15.6B platform for communications and collaboration is trading 16X FY21 EV/Sales with revenues set to rise 39% this year after 57% growth last year and forecasts for 28.5% growth in FY22 while EBITDA and Net Income set to inflect positively in 2023. WORK has lagged with investor concerns over competition from Microsoft Teams while FCF and Profitability trends also closely being watched. WORK has impressive 125% net-dollar based retention rates and has been seeing better traction with large customers. Slack's platform is seeing higher engagement, growing usage, expanded capabilities and greater adoption from large customers. Q2 saw a continued improvement in key priorities as a land-and-expand business and added 20,000 paid customers in 1H20, nearly as much as all of 2019. At the Citi Conference in September WORK noted it expects net dollar retention to rebound in Q3 and Q4. Analysts have an average target at \$31 and short interest continues to climb, now at 33% of the float. Barclays recently raised its target to \$37 while MSCO downgraded to Underweight on competitive risks with Zoom, Teams, and even Google Workspace gaining momentum. RBC raised its target to \$37 confident on near-term fundamentals and notes Slack Connect supports the positive incremental customer adds and potential future expansion for the company. Softbank Vision Fund and Ark Investment notable large holders.

Options Activity: Slack has recently seen size buys in January 2023 \$37, \$45 and \$47 calls and also been active with opening put sales in the \$22-\$24 strike ranges. It also continues to exhibit inverted IV Skew.

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol
11/4/2020	WORK 100 18 JUN 21 24 PUT	1,930	129	\$3.40	-0.34	57.12%	51.21%	\$656,200	.WORK210618P24
11/3/2020	WORK 100 18 JUN 21 22 PUT	1,269	3	\$2.93	-0.3	59.41%	47.55%	\$371,817	.WORK210618P22
11/3/2020	WORK 100 18 DEC 20 26 CALL	1,139	272	\$2.05	0.5	66.48%	40.44%	\$234,634	.WORK201218C26
11/2/2020	WORK 100 20 JAN 23 47 CALL	2,027	3,570	\$4.10	0.39	58.34%	12.33%	\$831,070	.WORK230120C47
10/30/2020	WORK 100 20 JAN 23 47 CALL	3,019	553	\$4.25	0.398	58.37%	12.96%	\$1,283,075	.WORK230120C47
10/28/2020	WORK 100 19 MAR 21 34 CALL	1,004	250	\$1.85	0.33	61.43%	20.42%	\$185,740	.WORK210319C34
10/27/2020	WORK 100 21 JAN 22 35 CALL	1,400	3,164	\$5.25	0.5	58.12%	25.86%	\$735,000	.WORK220121C35
10/26/2020	WORK 100 20 NOV 20 26 PUT	4,110	1,924	\$0.87	-0.31	53.18%	36.08%	\$357,570	.WORK201120P26
10/23/2020	WORK 100 18 JUN 21 27 PUT	2,520	25	\$4.40	-0.354	58.23%	54.03%	\$1,118,436	.WORK210618P27
10/21/2020	WORK 100 20 NOV 20 29.5 PUT	1,207	77	\$2.02	-0.5	54.05%	56.05%	\$243,814	.WORK201120P29.5
10/21/2020	WORK 100 20 NOV 20 27 PUT	2,248	769	\$0.90	-0.29	54.82%	34.38%	\$202,320	.WORK201120P27
10/20/2020	WORK 100 20 JAN 23 47 CALL	510	4	\$7.00	0.49	58.40%	18.29%	\$357,000	.WORK230120C47
10/19/2020	WORK 100 18 DEC 20 27 PUT	1,007	92	\$0.97	-0.2	61.13%	27.18%	\$97,679	.WORK201218P27
10/14/2020	WORK 100 20 JAN 23 45 CALL	4,597	5,002	\$8.30	0.54	60.39%	20.89%	\$3,815,510	.WORK230120C45
10/14/2020	WORK 100 20 JAN 23 37 CALL	1,206	3,837	\$10.10	0.66	68.12%	26.65%	\$1,218,060	.WORK230120C37
10/13/2020	WORK 100 20 JAN 23 45 CALL	5,128	0	\$8.00	0.52	57.74%	20.87%	\$4,102,400	.WORK230120C45
10/13/2020	WORK 100 19 MAR 21 35 PUT	1,600	345	\$6.80	-0.5	60.83%	65.41%	\$1,088,000	.WORK210319P35
10/12/2020	WORK 100 19 MAR 21 29 PUT	2,159	785	\$3.67	-0.33	61.35%	49.02%	\$792,353	.WORK210319P29
10/12/2020	WORK 100 19 MAR 21 23 PUT	4,160	1,774	\$1.34	-0.16	62.43%	28.10%	\$557,440	.WORK210319P23
10/7/2020	WORK 100 19 MAR 21 29 PUT	848	31	\$4.19	-0.38	61.07%	54.26%	\$355,312	.WORK210319P29
10/6/2020	WORK 100 18 DEC 20 30 PUT	12,036	1,957	\$4.15	-0.51	62.09%	62.20%	\$4,874,580	.WORK201218P30
10/6/2020	WORK 100 18 DEC 20 30 CALL	12,782	8,685	\$2.54	0.49	62.70%	37.81%	\$3,400,012	.WORK201218C30
10/5/2020	WORK 100 20 NOV 20 30 PUT	13,569	165	\$3.39	-0.57	57.67%	65.35%	\$4,613,460	.WORK201120P30
10/2/2020	WORK 100 20 NOV 20 26 CALL	2,027	772	\$3.26	0.653	60.95%	56.77%	\$660,802	.WORK201120C26
10/1/2020	WORK 100 20 NOV 20 29 CALL	2,123	289	\$1.47	0.42	53.73%	34.14%	\$312,081	.WORK201120C29
10/1/2020	WORK 100 16 APR 21 26 CALL	571	47	\$5.40	0.63	60.70%	45.37%	\$308,340	.WORK210416C26
10/1/2020	WORK 100 16 APR 21 22 PUT	2,011	2,798	\$2.12	-0.24	59.96%	39.37%	\$438,398	.WORK210416P22
9/29/2020	WORK 100 16 APR 21 45 CALL	1,403	248	\$0.99	0.18	59.81%	8.45%	\$138,897	.WORK210416C45
9/28/2020	WORK 100 20 JAN 23 37 PUT	454	0	\$15.73	-0.45	56.15%	77.91%	\$714,142	.WORK230120P37
9/25/2020	WORK 100 15 JAN 21 24 PUT	3,033	4,361	\$2.03	-0.3	60.47%	42.43%	\$636,930	.WORK210115P24
9/23/2020	WORK 100 19 MAR 21 27 CALL	1,005	165	\$4.25	0.57	60.44%	40.09%	\$427,125	.WORK210319C27
9/22/2020	WORK 100 20 JAN 23 37 CALL	3,210	50	\$7.12	0.54	60.24%	20.86%	\$2,391,450	.WORK230120C37

Potential Catalysts: Earnings Reports

Disclaimer:**Not Investment Advice or Recommendation**

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