



Why Okta Stock Lost 22% in September

Description

What happened

Okta ([NASDAQ: OKTA](#)) investors lost ground to the market last month as the stock declined 22% compared to a 2% increase in the S&P 500, according to [S&P Global Market Intelligence](#). The drop removed only a small portion of the [tech stock](#)'s outperformance, though, and shares remain higher by over 80% so far in 2019.

So what

September's swoon followed strong third-quarter earnings results by the identity-management software specialist that nevertheless disappointed some investors. Okta revealed in late August that sales jumped 49% to again [blow past management's guidance](#). The company remained in net loss territory but improved its cash burn to \$1 million, or 1% of revenue from \$5 million, or 6% of revenue last year. Investors may have focused on those losses in choosing to sell the stock last month, and that pressure appears to have been increased by a [new debt issuance](#).

Now what

CEO Todd McKinnon and his team are as bullish as ever about the [long-run growth opportunities](#) available as more data moves online and requires better digital identity management. Accordingly, they lifted their 2019 growth outlook for the second straight quarter. Still, investors are likely to see more volatility in this stock, up or down, since it is priced at a premium that reflects plenty of optimism about the business.

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2. Tech Stocks

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1. NASDAQ:OKTA (Okta)

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Date

2025/07/21

Date Created

2019/10/09

Author

dimitrios-kalogeropoulos

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