



Workday Inc (WDAY) — Research Summary

Technology | Software - Application | 2026-08-13

Price: \$206.45

Signal: BUY (7.70/10)

Market: bull_tech

Workday Inc (WDAY) — Equity Research Summary

Sector: Technology / Application Software | **Price:** \$206.45 | **Market Cap:** \$43.3B

1. Company Overview & Investment Thesis

Workday is a leading provider of cloud-based enterprise software for human resources, finance, and workforce planning, serving large organizations globally. The stock is in the spotlight following a Reuters report that private-equity firm Silver Lake is in talks to acquire the company — a potential deal that would rank among the largest software buyouts in history and has reframed the near-term investment story around M&A.

2. Fundamental Snapshot

- **Valuation:** Trailing P/E of ~56x looks rich, but the forward P/E of ~17x reflects strong expected earnings growth and is reasonable for a durable software franchise. EV/EBITDA sits near 29x, and price-to-free-cash-flow is attractive given healthy cash generation. Price-to-sales of ~4.4x is moderate for the sector.
- **Earnings Trend:** Workday has beaten estimates for four straight quarters, with the most recent quarter (Apr 2026) posting EPS of \$2.66 versus \$2.52 expected (+5.6%). The beat magnitude has been consistent at 4–7%, signaling reliable execution.
- **Revenue & Margins:** Revenue reached \$9.9B on a trailing basis. Recent quarterly growth has slowed to the mid-single digits (+4.5% YoY in the latest quarter, down from +7.8% the prior period). Gross margins remain strong at ~76%, with operating margin around 13% and a net profit margin of 8.6%.
- **Balance Sheet:** Solidly positioned with \$4.4B cash versus \$3.8B debt — a modest net cash position and a conservative debt-to-equity ratio of 0.57.

3. Technical Outlook

The stock trades at roughly \$206, in the **upper portion of its 52-week range** (\$110–\$250). Momentum turned sharply positive in mid-August, when shares surged ~25% in a single session — Workday's best day since 2016 —

on the acquisition report.

- **Support:** Prior consolidation levels in the \$160–\$170 range.
- **Resistance:** The 52-week high near \$250, which likely aligns with speculation about a potential buyout price.

Momentum is clearly **building**, though much of the recent move is event-driven rather than a reflection of underlying business trends.

4. News & Sentiment

Overall Sentiment: Bullish

- **Acquisition speculation dominates:** Multiple outlets confirmed Silver Lake is in talks to acquire Workday, driving the stock's dramatic rally and lifting the broader software group.
- **Consistent earnings execution:** Four consecutive beats underscore management's operational discipline, independent of the deal narrative.
- **Sector cross-currents:** Broader software names (Salesforce, ServiceNow) have seen choppy trading as investors rotate between AI-linked chips and application software.

The market narrative is now firmly centered on **whether a take-private deal materializes** and at what premium. Note that the analyst consensus target of \$170 sits *below* the current price — meaning the market has already priced in buyout optimism that Wall Street's fundamental targets have not caught up to.

5. Bottom Line

- **Aerondight Systems Signal: BUY (7.70/10)**
- **Thesis:** A high-quality, cash-generative software franchise with reliable earnings, now carrying meaningful upside optionality from a potential Silver Lake buyout.
- **Key Catalyst:** Confirmation, terms, or collapse of acquisition talks — the single biggest near-term driver of the share price.
- **Risk Level: High** — the stock trades above analyst fair-value estimates, and much of the recent gain hinges on a deal that is not yet confirmed. If talks fall through, shares could retrace toward pre-report levels.

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