



MDT, ADSK, DE

Medtronic (MDT) will report results 11/24 before the open with the Street looking for \$0.80 EPS and \$7.08B in revenues (-8.1% Y/Y), and Q3/FY21 seen at \$1.15/\$7.63B and \$4.01/\$29.21B. MDT shares closed higher last quarter on results after being the lower the previous three reports but higher six consecutive prior with a six quarter average max move of 4.1%. The \$149B medical device leader trades 19X Earnings, 5.3X Sales and 82.5X FCF with a 2.11% dividend yield. MDT held an Analyst Day in October and has a newer CEO, hit hard earlier this year by the slowdown in surgeries, but a strong pipeline of new products set to deliver growth. MDT forecasts currently do not see Y/Y growth returning until Q4. Analysts have an average target of \$120 and short interest low at 0.5% of the float. Wells Fargo raised its target to \$127 last week after the negative BSX news is a positive for MDT's TAVR positioning. MDT raised its long term organic revenue growth forecast to 5% in October and noted it has the strongest pipeline in the company's history. Bernstein upgraded to Outperform 10/9 with a \$127 target seeing upside under new management. Hedge Fund ownership fell 2.5% in the latest quarter filings, notable top holders include Boston Partners, Aristotle Capital, and Healthcor. On the chart shares last week pulled back to retest a recent range breakout though still have an unfilled gap below back to \$104. A move higher out of this range should target upside to \$120. MDT options are pricing in just a 2.25% move on earnings and 30 day IV Skew at 0.2 compares to the +2.3 52-week average. MDT has seen some buyer flow in weekly \$112 and \$114 calls and 4000 December \$120 calls. In February 2000 February \$105 calls remain in OI from a size buy and seen \$120/\$130 call spreads trade.

Trade to Consider: Long **MDT** December \$115/\$120 Call Spreads at \$1.10 Debit



Autodesk (ADSK) will announce quarterly results 11/24 after the close with the Street consensus at \$0.96 EPS and \$942M in Revenues (+11.8%) and FY21 seen at \$3.83/\$3.75B. ADSK did raise Q3 guidance on 11/12 with the announcement of the CFO leaving and also recently announced a \$240M deal for Spacemaker. ADSK shares have closed higher three of the last four reports with a six quarter average max move of 7%. The \$56B engineering software maker trades 48X Earnings, 42.5X FCF and 15X EV/Sales. ADSK sees 60% of sales from Architecture, Engineering & Construction, 30% from Manufacturing and 10% from Media/Entertainment. It sees a \$59B TAM for 2023 with a 7% CAGR. Its Fusion ecosystem is seen driving future growth, currently with 18M active users buy only 4M paying. It sees tailwinds from digital transformation to the entire AEC industry and for 2023 is targeting 40% operating margins, \$2.4B FCF and \$5.6B in Total ARR. Current forecasts see revenue growth of 14.4% in 2021 and 17% in 2022 with strong 35-40% annual EPS growth. Analysts have an average target of \$268.50 with short interest very low and down 35% Q/Q to 0.9% of the float. Mizuho raised its target to \$290 after the preannouncement though waiting to see details on new business activity. Canaccord raised its target to \$295 last quarter noting it was likely the low point for the business. Wells Fargo raised its target to \$300 positive on the continued shift to subscription model. Hedge Fund ownership rose modestly in the latest quarterly filings, notable top holders added to positions, including Findlay Park, Sustainable Growth, Lone Pine and Polen. On the chart ADSK shares with a choppy trading pattern the last few months, a move back above \$260 opens up a run to new highs while \$245 likely support on weakness. ADSK options are pricing in a 5.7% move on earnings with 30 day IV Skew at +5.6 comparing to the +3.7 52-week average. ADSK has a large position from a trade in August that sold January \$210 puts and bought the \$260/\$290 call spreads 2500X. Otherwise activity has been very quiet.

Trade to Consider: Long the **ADSK** December/January \$270 Call Calendar Spread at \$3.10 Debit



Deere (DE) will report earnings 11/25 before the open with the Street expecting \$1.45 EPS and \$7.68B in revenues (-11.8%) and Q1/FY21 seen at \$1.66/\$6.45B and \$10.80/\$32.93B. DE shares have closed higher 3 of the last five reports with a six quarter average max move of 6.5%. The \$80B Ag equipment leader trades 23.9X Earnings, 12.5X EBITDA and 15.55X FCF with a 1.18% dividend yield. DE has been a leader in Precision Ag, a very strong growth market, and improving commodity prices, a strong replacement cycle and improving farmer incomes sets it up well for the year ahead. Analysts have an average target of \$250 with short interest minimal at 0.8% of the float and down 37% Q/Q. JPM raised its target to \$210 last week reflecting stronger US ag backdrop though sees valuation as stretched. Baird raised its target to \$281 expecting strong growth in 2021 and a clear path to the 15% margin goal by 2022. Stifel out on 9/28 positive noting pent-up demand for equipment with healthy dealer inventory levels, improving crop prices and follows five years of equipment demand below mid-cycle levels. Hedge Fund ownership fell modestly in the latest quarterly filings. On the chart DE shares flagging just under highs and looking to work back above an ugly reversal candle from early November, while \$247 and \$239 notable levels of support. DE options are pricing in a 3.82% earnings move and 30 day IV Skew at +3.4 compares to the +3 52-week average. DE activity has been minimal with some sellers in December \$260 calls while January \$260 calls with buyers, the January \$250 calls bought 1000X on 9/1 remain in OI.

Trade to Consider: Sell the **DE** January \$240/\$230 Put Spread's at a \$2.75 Credit (Bull Put Spreads)



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