



Autodesk Bulls Active Despite Stock Near New Highs

Ticker/Price: ADSK (\$170.80)

Analysis:

AutoDesk (ADSK) modestly lower with Software names and testing the 8 MA after a big run in shares and seeing 1,000 October \$175 calls bought to open this morning \$15.70 to \$16.40. ADSK also has 4,500 of the May 10th (W) \$170/\$175 call spreads and \$160/\$155 put spreads in open interest, and other notable positions are the 2,450 January \$190 calls and 1,000 July \$170 calls. The \$37.9B maker of software for design and visualization trades 35.75X Earnings and 9.6X FY21 EV/Sales. ADSK has been transitioning to a cloud/subscription model and posted 25% revenue growth in 2019 with 27.8% seen this year, FY20, while EPS cycle strong now with \$10/share in earnings seen for FY24 after \$1.01/share in FY19. ADSK held an Investor Day in late March outlining its strategy that is available on its Company IR site. Analysts have an average target of \$184 on shares and short interest at 2% of the float has declined 28% Q/Q. Mizuho started shares at Buy last week noting it is successfully extending its value proposition beyond its traditional design base” with expansions of lifestyle management, construction, and generative design and those will increase penetration with existing customers while expanding the overall TAM. CSFB raised its target to \$188 as it moves from a transition period to one of growth. KeyBanc has a \$196 target seeing ample growth drivers to power its next leg of growth. Hedge Fund ownership fell 2.74% in Q4 filings, Viking Global and Point-State Capital notable position closes, while Lone Pine took a new stake making ADSK a 3.34% position and Egerton Capital also with a new position along with Alkeon.

Hawk Vision:



Trading Strategy: ADSK is a bit extended with Software coming out of favor this week, but a position to keep in mind for shares pulling back.

Confidence Ranking: \$\$