



Bullish Positioning Mounts in Upwork

Ticker/Price: UPWK (\$19.30)

Analysis:

Upwork (UPWK) trading 12.5X average calls today with nearly 3,000 May \$20 calls bought up to \$0.90 to open, spot with over 850 already in OI. UPWK has seen a number of put sales recently including more than 13,000 of the October \$15 strike and 5,000 of the October \$12.50 strike. UPWK shares have lagged since their debut in October and hit its highest levels in March around \$24.50. Shares are forming a double-bottom against \$18.50 and looking to move out of a downtrend today above \$19.50. UPWK has a high-volume node at \$22 to target above. The \$2.02B company trades 7.6X EV/sales and 15.5X cash with revenue growth of 19.3% and expecting 19.5% and 20.2% over the next two years. UPWK is an online marketplace which connects businesses with freelance professionals across end-markets like marketing, data analytics, graphic design, and mobile development. The company is benefitting from broader macro trends around skills shortages and a move towards more remote work environments. Their take-rate was 14.3% last quarter, consistent with the last two, while margins edged higher. Analysts have an average target for shares of \$22.50 with 4 buy ratings and 2 hold ratings. BTIG positive with a Buy rating and \$24 PT on 4/12. The firm is positive as UPWK is the dominant online freelancing platform with 8X the market share of its closest peers, yet it has only 0.5% share of a \$322B total addressable market. Sigma Partners with 13.8M shares bought last quarter while SG Growth, Globespan, Dragoneer, and Benchmark Capital all notable buys. Short interest is 1.4% and dropped from 2.7% in mid-April. The company reports earnings on 5-8.

Hawk Vision:



Trading Strategy: UPWK is an intriguing longer term play going unnoticed by most market participants and would like to see the quarterly numbers keeping in mind the short put strikes will be a good support entry level if there is weakness.

Confidence Ranking: \$\$