



## Sizable Calls Bought in Smart-Sheet, Growth Tech Name

**Ticker/Price:** SMAR (\$42.30)

### Analysis:

**Smartsheet (SMAR)** buyers of 2.100 June \$40 calls today for \$5.10 to \$5.20 to open and follows buyers last week in the June \$45 calls. SMAR has seen buyers in the December \$45 and August \$45 calls since mid-April and still has notable buys in the May \$40 and \$45 calls from March. Shares have pulled back from a strong run to start the year and basing above the 50-EMA with the highs near \$46/\$47 key target above. Shares held the 38.2% Fibonacci of the rally and the weekly breakout targets \$52 to the upside. The \$4.4B company trades 23.66X EV/sales and 20.6X cash with expectations for 43.8% revenue growth in FY20 followed by 36.4% and 39.3% the next two years. SMAR has developed a platform for managing and automating workflows with strong customer growth and billings (+59%) driven by new products and more deals with higher ACV. Analysts have an average target for shares of \$51 with 10 buy ratings and 1 hold. Needham starting at Buy on 4/12 with a \$45 PT. The firm thinks SMAR is well-positioned as an early leader in the growing secular shift towards how employee's management work in the new tech environment. They think work management is in the early stages of a hyper growth stage which can drive 30% sub revenue growth for SMAR. They also think the company's mix of an efficient customer acquisition model gives them a huge advantage in term of long-term profitability once growth plateaus. Institutional ownership rose 42.5% last quarter. Whale Rock Capital a buyer of 2M shares. Short interest is 1.9% but up from 1% in mid-March.

### Hawk Vision:



**Trading Strategy:** SMAR is an exciting growth name, trading at a premium valuation, but in terms of market cap feels cheap and could attract M&A interest, a clear surge in call activity the last few weeks and a name to own.

**Confidence Ranking:** \$\$