



## Bulls Position for Accenture Earnings Upside Early

**Ticker/Price:** ACN (\$178)

### Analysis:

**Accenture (ACN)** large afternoon buy of 2,000 June 28<sup>th</sup> (W) \$180 calls \$3.50 to \$3.80 offers, a name lacking much notable positioning in open interest. Shares are forming a weekly bull flag above the 2018 high and room to make a trend move up to \$200. It will next report in late June and coming off a very strong quarter beating EPS and Revenue estimates widely and raising its outlook, 5.5% Y/Y revenue growth. Since then it has made a string of acquisitions with undisclosed terms including Droga-5, Cirrusco, Shackleton, and BRIDGE Energy Group. The \$117B IT Co. trades 22X Earnings, 28.35X FCF and 16X EV/EBITDA with revenue growth seen accelerating into 2020 and EPS growth stable near 8% per year. Analysts have an average target near \$185 and short interest low at 1.1% of the float. Cantor Fitzgerald raised its target to \$199 after Consulting & Outsourcing came in ahead of estimates and sees Digital driving future growth. BAML downgraded shares on 5/3 on a fairly weak downgrade just citing lack of near-term catalysts for a move higher. In late April ACN was awarded a DOE purchase order worth up to \$2B and it expanded its strategic collaboration with Google Cloud. Financial Services and Europe are seen as potential 2H sources of upside for bookings and Accenture is considered the best-in-class name among IT Service providers though most firms cite full valuation. KeyBanc has a \$195 target seeing estimates conservative as its premium brand and broad spectrum of capabilities continues to see strong demand in the digital marketplace. Hedge Fund ownership fell 8.94% in Q1 filings, Polen Capital added to its 5.2% weighted position.

### Hawk Vision:



**Trading Strategy:** ACN is a high quality name and sure looks to be setting up for another leg higher, like the name to continue to advance to new highs.

**Confidence Ranking:** \$\$