



Atlassian Positioning Sees Momentum Continuing to New Highs

Ticker/Price: TEAM (\$128)

Analysis:

Atlassian (TEAM) more bullish flow today as more than 800 July \$126 calls are being bought around \$6.85 and spread vs the \$135 calls at \$2.50. Today's flow follows 1,950 July \$115 puts sold to open yesterday around \$1.70 as well as buyers in the December \$135 calls and January 2021 \$130 calls, the latter a \$712k position. TEAM has seen buyers active in the November \$145 calls as well. Shares are back to the rising 50-day MA and trend support from May with a measured channel up to \$145. Shares have been consolidating in a 20-point range and continuation of the 1-year trend targets upside to \$160. The \$30.8B company trades 17X cash and 26.35X EV/sales with rapidly growing profitability. TEAM sees sales growth of 28.4% and 26.9% through 2021 while margins continue to expand but still below 2016 levels. The company is a leader in collaboration software and continues to expand their product suite as they look to gain share in a massive markets among technical teams and developers, adding more than 5K customers last quarter. Short interest is 3.2% and down from around 4.2% in late 2018. Analysts have an average target for shares of \$121 with 7 buy ratings and 8 hold, largely on valuation. Keybank out positive on 6-13 with a \$142 PT. They see multiple paths to 30% subscription revenue growth and products like Jira, Confluence, and Service Desk will drive incremental seats and adoption, leading to an increase in ARPU. Deutsche Bank with a \$135 PT recently. Hedge Fund ownership rose 33% last quarter. Pointstate, Tiger Global, Glynn Capital, and Foxhaven all concentrated owners.

Hawk Vision:



Trading Strategy: TEAM is a best of breed Software name and the rising 50 MA been fairly supportive, a name to own near that level.

Confidence Ranking: \$\$