



Trade Desk Seen to Have Plenty of Upside Left

Ticker/Price: TTD (\$241)

Analysis:

The Trade Desk (TTD) with over \$970K in August 2nd (W) \$220 calls bought yesterday and follows bull put spreads opened on 7-3 and buyers of the August \$295 calls on 6-26. TTD has a notable 1000 contract January 2021 \$220/\$340 call spreads in open interest from a trade on 5/17. Shares are basing in a small range just below new highs after re-testing the April/May breakout range. MACD is nearing a bullish crossover while RSI perking back above 55, ready to run. TTD has a measured target up to \$300. The \$10.9B company trades 50X cash and 20.55X EV/sales. They expect 25.5% and 30.4% EPS growth, up near \$5/share, while revenue growth of 29.3% and 27.7%. Shares fell on earnings recently despite raising their outlook and strong growth in advertisers and agencies added to the platform. They continue to see tailwinds from spending growth in Mobile, Video, Connected TV, and Audio while data spend again grew about 2x their business. TTD has been investing in their product, infrastructure, and international expansion to build market share. The company sees a \$725B total ad spending market, \$230B in linear television, and \$50B in display. Analysts have an average target for shares of \$191.25. RBC downgrading shares on 7-1 due to valuation. Nomura downgraded shares to Reduce on 6-12 seeing near-term expectations out of line with fundamentals, no matter how strong. They think TTD isn't outpacing the industry as much as investors think and that its total addressable market is not \$1 trillion. The company's revenue potential is \$12B, roughly in line with its \$11B market cap. Short interest is 9.2% and rising in 2019 up from 7% in January. Hedge Fund ownership rose 36.77% last quarter. Whale Rock Capital, Jericho Capital, Hitchwood, and AQR all notable holders.

Hawk Vision:



Trading Strategy: TTD is one of the strongest growth stories in the market with major secular shift tailwinds, one to continue to own as a trend/momentum trader.

Confidence Ranking: \$\$