



## Put Sales in Smart-Sheet Show Confidence into Earnings

**Ticker/Price:** SMAR (\$50.65)

### Analysis:

**SmartSheet (SMAR)** with 4,750 September \$45 puts sold to open today down \$1.25 as IV fades, notable size with earnings upcoming on 9-4. SMAR has seen buyers recently in the February \$40/\$50 call spreads, December \$45 and \$55 calls while the November \$50 puts sold to open on 7-22. SMAR pulled back recently from 52-week highs around \$55 to re-test the June base breakout at \$45 and now back above its 8- and 20-day MA. The YTD VPOC is just below around \$42. Shares have been in a big channel higher since January which targets a move up above \$60. SMAR has traded higher the last two reports. The \$5.35B software company trades 25.6X cash and 25.85X EV/sales with 37.3% and 40.6% sales growth forecast. SMAR is coming off a strong quarter with subscription revenue up 57% and growth by customers with a \$100K ACV up 139% Y/Y. Their dollar-based-retention rate rose 400 bps to 134%. The Collaborative Work Management market has long-term tailwinds as the pace of digital business expands with the TAM growing to \$31.6B by 2021. Analysts have an average target for shares of \$53.50 with 10 buy ratings and 1 hold. Needham raising their PT to \$60 on 7-11. The firm thinks SMAR can grow revenues around 40% the next 2+ years as the CWM market remains in the very early stages with little direct competition in most deals and a new marketing strategy is designed to create category leadership as the space matures. They also think a new M&A war chest and a robust product roadmap with an accelerating pace of innovation should enable SMAR's platform to stay ahead of less flexible competitive solutions. Short interest is 4.2% and up from around 1% in early 2019. Hedge Fund ownership rose 112.7% in Q2 filings. Whale Rock Capital, Tiger Global, Coatue, Alkeon Capital, and Hitchwood all notable filers.

### Hawk Vision:



**Hawk's Perspective:** SMAR is a best-of-breed software name with extremely impressive metrics, a dip into the next earnings report near this short put strike would be a great opportunity.

**Confidence Ranking:** \$\$