



Charter Attracts Bullish Positioning, Relative Strength Leader in Q3

Ticker/Price: TEAM (\$131.90)

Analysis:

Atlassian (TEAM) with buyers of 1,000 October \$130 calls on Friday near \$7.50 and name which continues to draw bullish positioning into earnings on 10-17. On 10-3, the November \$120 puts were sold to open 500X while the August 2020 \$100 puts have seen sales as well recently. The October \$125 puts are in OI over 3000X. Shares have pulled back above the 200-EMA around \$119 and forming a double bottom with a move over \$138.50 targeting \$155-\$160. TEAM has been in a strong trend higher since late 2017 and re-testing not only the prior breakout level but 38.2% retracement level of the recent leg up. The \$31.1B company trades 18X cash and 25.7X EV/sales with estimates looking for 25-35% EPS growth and sales up 25%+ over the next two years. TEAM is coming off a strong quarter with subscription revenue maintaining a 50% growth rate while customer growth remains strong. TEAM has been putting more emphasis on their cloud products this year with some free offerings (Bitbucket, Opsgenie, and others) and other initiatives looking to build momentum. The shift will help them not only retain and grow their base but allow for more opportunities to upsell customers as they tailor to a specific need. Analysts have an average target for shares of \$140.50. Sun Trust started at Buy on 10-2 with a \$162 PT, bullish on the massive shift in spending from legacy providers to next generation tech and multi-product platforms. William Blair noting on 9-13 that recent checks are showing that price increases are more drastic and broader than expected. Atlassian still remains a price leader in the market with quality software. DA Davidson with a \$155 PT as the tailwinds for Atlassian's cloud migrations will grow with more adoption and future price increases. Short interest is 3.5% and down from its peak last year around 4.5%. Hedge fund ownership rose 10.5% in Q2. Foxhaven Asset Management, Tiger Global, and Glynn Capital notable holders.

Hawk Vision:



Hawk's Perspective: TEAM remains a top name in a Software group that seems to have found its footing. Shares can trigger a bull wedge breakout back over its 50 day MA near \$136.

Confidence Ranking: \$\$