



Shutterstock Bears Position as Growth Slows

Ticker/Price: SSTK (\$34.50)

Analysis:

Shutterstock (SSTK) seeing bearish positioning continue on Friday with another 2,000 November \$37.50 puts bought around \$2.90, adding to the 2,000 bought at \$3.50 on 10-8. SSTK has some March \$40 puts in OI from buyers in August at \$7, 1000X, and some OTM Feb. puts as well. Shares are starting to break down today out of a bear flag after being unable to break back above the 20- and 50-MA over the last two weeks. A move under the August lows at \$33.25 targets \$29 but the massive range breakdown which stretches back to 2017 can accelerate the move. The \$1.23B company trades 27X earnings, 1.93X sales, and 14.5X FCF. SSTK sees EPS contracting 4% in 2020 while revenue growth remains steady 5-6%. The company cut their FY outlook in August while downloads and revenue per download growth both continue to accelerate to the downside. SSTK provides licensed photographs, illustrations, and video clips for use in communications like digital/print materials, corporate presentations, books, and websites. The company has faced competitive pressures in recent years with large libraries like Getty Images opening up 35-40M images for free use. The company saw Enterprise sales as a big driver of a potential turnaround but last quarter noting that they're not seeing slowing growth there as well and opening up the potential for a strategy restructuring in the channel to renew growth. Analysts have an average target for shares of \$39.50, although limited coverage. Sun Trust lowering their TP to \$36 in August citing a slowdown in the enterprise segment and execution mishaps. They think it may take time to reinvigorate growth. Short interest is 9.6% and rising from around 6.8% in January. Hedge fund ownership fell modestly last quarter.

Hawk Vision:



Hawk's Perspective: SSTK is an interesting short with near-term challenges and rising short-interest, one to watch for a bearish play around earnings on 11-5.

Confidence Ranking: \$\$