



Citrix Puts Bought After Surge in Shares

Ticker/Price: CTXS (\$147)

Analysis:

Citrix Systems (CTXS) with a spread on 4/6 that sold 1000 June \$105 puts at \$2.22 to buy 1000 September \$140 puts at \$12.57. CTXS options have been active lately seeing a lot of puts bought in stock-tied trades and does have 2800 April \$150 calls in open interest from a buyer on 3/27. CTXS has been a winner as a work from home play with shares +27% YTD though shares potentially hitting a peak as trend extension off the 2017 and 2018 highs was hit today as shares hit record highs. The \$17.5B Tech company that provides various cloud-based sharing and storage solutions and customized workflows is now trading 6X EV/Sales, 22.8X Earnings and 32.56X FCF with a 0.89X Debt/Equity ratio. CTXS estimates currently expect just 2.5% revenue growth in 2020 and EPS seen down Y/Y, though a name that has been shifting to a subscription model with 58% of total product bookings as of 2019. It has a diversified customer base and some exposure to verticals being shut down, so could impact results negatively with all of the lay-offs. CTXS has long-term goals of 33-35% operating margins and 8-10% annual revenue growth. Analysts have an average target of \$130 and short interest is at 4.8% of the float. Deutsche Bank raised its target on shares to \$175 this morning and last week Ray-Jay upped its target to \$155 as a beneficiary of the work from home environment. MSCO recently upgraded to Overweight with a \$160 target seeing rising demand catalyzing the next leg of the subscription transition and sees \$10/share FCF by 2022. Hedge Fund ownership fell 14% in Q4 filings, Elliott remains a top holder but did sell a portion of its position while Scopia picked up a new concentrated stake.

Hawk Vision:



Hawk's Perspective: CTXS seems to be more of a hype move and see little evidence it will be able to report numbers to justify the move in shares. Watch for a move below \$137 for the start of a reversal.

Confidence Ranking: \$\$