



Atlassian Put Sales Sees Value at 200 Day MA

Ticker/Price: TEAM (\$173)

Analysis:

Atlassian (TEAM) with notable activity on 5/6 with the December \$130 puts being sold to open 1500X \$9 to \$8.80 even as shares reach new highs, and also trades 2750 January \$100/\$75 bull put spreads at \$1.95 credit. On 5/5 a buyer of 600 December \$200 calls for nearly \$900,000 was notable and 1400 January \$140 calls remain in open interest with 700 bought on 1/14. TEAM shares have seen a powerful breakout after initially dipping following its earnings report, and nearing both a weekly channel top and 161.8% Fibonacci extension in the \$175/\$180 zone, ideally new longs look for a retest back at \$156 or at least a test of the rising 8 day moving average. The \$42B software company has solutions in workflow management, collaboration, coding, managing customer service, and more in a wide array of solutions. TEAM has always screened as one of the best-in-class software names with impressive FCF margins (lowest sales and marketing costs to peers) and considered a leader in the DevOps theme. TEAM also is still at just 47-50% of revenues on a subscription basis, room for expansion. TEAM is actively investing in R&D and utilizing a go-to-market approach adding large volumes of new customers. Its main sites are bitbucket.com, atlassian.com and trello.com. Shares are currently trading 26X EV/Sales and 80X FCF, rich valuation. Analysts have an average target at \$160 with short interest elevated near 7% of the float. Jefferies raised its target to \$145 last week with a Hold rating calling it a rare story in Software with strong margins and revenue growth. Cowen has a \$170 target, Goldman at \$169, and MSCO at \$173. Hedge fund ownership fell 3.6% in Q4 filings,

Hawk Vision:



Hawk's Perspective: TEAM is a clear Software leader and dips are likely to be shallow and buying opportunities.

Confidence Ranking: \$\$