



FEATURED OPTIONS RADAR REPORT



Bulls Position in Atlassian into Earnings

Ticker/Price: TEAM (\$183.50)

Analysis:

Atlassian (TEAM) with two bullish trades of note on 7/28 with 350 September \$180 puts sold to open at \$11.50 seeing limited downside for shares and 1250 December \$150 calls opening \$43.80 for over \$5M in a stock replacement, coming ahead of earnings 7-30 after the close. TEAM has also seen 875 September \$190/\$170 bull put spreads open, size opening sales of January \$130 puts for 7000X, over 2500 December \$130 puts sold to open, and 600 December \$200 calls bought. TEAM shares have been in a choppy range since May despite its close ties to strength in collaboration software with the WFH trend. It dipped back to the rising 55 MA this week and forming a nice rising channel above the 21 week moving average. TEAM has real breakout potential above \$192 for a big run to \$220. TEAM shares have closed lower 5 of the last 7 reports with a six quarter average max move near 10% and options pricing in a 7.7% move this quarter. The \$46B 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. Current forecasts see TEAM posting 31.8% revenue growth in 2020 and 23% growth in 2021. TEAM's comments in June at the William Blair Conference stood out "And so we have 170,000 customers at Atlassian. Globally, there are 1 million companies with \$10 million or more in revenue. We think every one of them can be an Atlassian customer. And so relative to the potential, we're still quite early." Short interest at 5.6% of the float is down 20% Q/Q with an average Analyst target of \$186. Cleveland Research out positive 7/20 with survey showing a better than expected quarter, the highest channel partner beat in the survey's history. MSCO raised its target to \$200 on greater confidence in its improving secular positioning and durable topline growth. KeyBanc raised its target to \$201 on 7/1. Goldman upped its target to \$219 on 6/24. Hedge Fund ownership rose 9.2% in Q1 filings, notable top holders include Tiger Global, Lone Pine, and Steadfast Capital.

Hawk Vision:



Hawk's Perspective: TEAM is among the best-in-class Software names and has a real nice weekly oiled set-up into a report that could drive attention and a run past \$200.

Confidence Ranking: \$\$