



## FEATURED OPTIONS RADAR REPORT



### PTC Attracts Large Call Buy Near New Highs

Ticker/Price: PTC \$89.90

#### Analysis:

**PTC (PTC)** yesterday with aggressive buyers of 3,500 January \$90 calls up to \$9.30 to open, name with little open interest. Shares are moving out of a small bull flag and looking to clear the February highs around \$89.50 with near-term measured move out to \$110+. PTC is working out of a longer-term downtrend and the longer-term move has upside to \$130-\$140. The \$10.5B company trades 26X cash and 8.1X EV/sales with mid-double digit revenue growth. The company is a leading maker of cloud software for industrials with exposure to high-growth areas like IoT, PLM, and AR. PTC is seeing accelerated profitability as well with their transition to a higher subscription mix, eleven straight quarters of double-digit ARR growth, and shift to new products within IIoT. They also see strong upsell opportunities within AR with their new Vuforia system which is benefitting from remote-work applications for industrial customers. Long-term, PTC sees a major secular shift happening within the industrial market with 70% of manufacturers using cloud-based tools for development. Analysts have an average target for shares of \$99.50. Wolfe starting at Buy recently with a \$103 PT and Mizuho positive citing better execution versus its long-term targets and its ramping subscription model will provide a multi-year secular tailwind. Stifel upgraded to Buy on 7-16 as PTC is increasingly well positioned across a number of strategic opportunities. They note that after talks with customers, partners, and industry contacts provide increasing confidence that the strategic moves PTC has been pursuing, are becoming more important given the structural changes caused by COVID-19. Short interest is 1.6% and down steadily from around 8% in 2019. Hedge fund ownership fell 13% in Q2. 40 North, Kensico, and Two Creeks all notable holders. Rockwell (ROK) as 10.5M shares and they also have a partnership with Microsoft (MSFT).

#### Hawk Vision:



**Hawk's Perspective:** PTC is a favorite with its exposure to IIoT which is a massive, multi-year story, and like how it sets up with pullbacks to the 50-day nice opportunities to add

**Confidence Ranking:** \$\$