FEATURED OPTIONS RADAR REPORT

Large Call Buy in AutoDesk Sees New Highs As End-Markets Improve

Ticker/Price: ADSK ($290)

Analysis:

AutoDesk (ADSK) shares popping earlier with buyers of the June $290 calls from $15.20 to $16.30, over 2000X. ADSK has seen buys recently in the July $360 calls and July $320 calls, the latter over $2M. Shares broke a downtrend recently off of the January highs and now consolidating in a small range just below YTD VPOC. ADSK held the rising 21-MA with the recent pullback and above $300 can re-test prior highs and then longer-term measured move to $350. The $63.2B company trades 42X earnings, 14.9X EV/sales and 34X cash. ADSK remains a leader with their design/automation software a dominant market position and poised to improve upon 2020 which brought a lot of uncertainty to their key end-markets. ADSK sees more than half of their revenue from E&C activity which is expected to pick up in 2021 as spending on infrastructure projects is better laid out. The company was at the Berenberg conference in mid-March and cited optimism around long-term potential in manufacturing which has been an area of investment lately and spot where they can add significant user growth for their Fusion 360 product. Analysts have an average target for shares of $290 with a Street High $370 and Baird with a bull case of $500. Argus was out positive in January noting that while the pandemic has slowed their business in the US and UK, their ROW performance has improved dramatically and they expect an earnings trough in 2021. JP Morgan has shares at Overweight citing tailwinds from economic expansion beginning in Q2. Short interest is 1% and near six year lows. Hedge fund ownership rose marginally. Polen Capital a buyer of stock and now has over 6M shares.

Hawk Vision:

Hawk's Perspective: ADSK would set up well with a little more consolidation under $300 but in a nice position to regain some leadership in 2021 within software as their end-markets improve

Confidence Ranking: $$