



FEATURED OPTIONS RADAR REPORT



Put Sales in Niche Software Provider See Opportunity into Recent Weakness

Ticker/Price: ADSK (\$287.45)

Analysis:

Autodesk (ADSK) shares have been under pressure since reporting earnings and hosting an Analyst Day but recent flows suggesting it is no time to be giving up on the name. ON 9/7 a large opening sale of 1200 June 2022 \$220 puts for \$1.3M and on 9/1 the September 2022 \$200 puts sold to open 1200X for \$930K. ADSK also saw 1000 June 2022 \$300 puts sell to open back on 8/20, the January \$230 puts sold to open 1000X, and 1000 March \$270 short puts from June 2021 remain in OI as well. ADSK shares have slipped below the 200-day moving average in recent trade though still a rising moving average and shares right back to the original breakout level from late June. ADSK also looks to be finding support last week and to start this week right at VWAP off the September 2020 low which also lines up with trend support. 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 picks back up. ADSK highlighted the major opportunity in manufacturing at its Analyst Day and also cited three key secular demand trends for its business. ADSK shares sold off due to limited margin expansion highlighted by management though ADSK remains less than 10% penetrated in large markets. ADSK highlighted a \$76B FY26 TAM growing at a ~6% CAGR. ADSK currently has a market cap of \$63.25B and trades 41.55X Earnings, 42.85X FCF and 14.5X EV/Sales with revenues seen growing consistently near 15% with strong FCF growth as well. Analysts have an average target of \$350 and short interest remains muted at 0.8% of the float. Rosenblatt reiterated a Buy and \$355 target positive on growing end-markets and expanding product offerings. Stifel lowered its target to \$340 noting shares may trade sideways until there is more clarity on the shift to annual payments which will create near-term FCF headwinds. Hedge Fund ownership fell 3.9% in the latest quarterly filings, Polen and Findlay Park top concentrated holders that added to positions, as did Sustainable Growth Advisers.

Hawk Vision:



Hawk's Perspective: ADSK is a quality name oversold so the right strategy is exactly what we are seeing, selling puts to open and willing to own the name lower.

Confidence Ranking: \$\$