



FEATURED OPTIONS RADAR



Bulls See Further Strength for Top Small Business and Consumer Finance Tech Company

Ticker/Price: INTU (\$560)

Analysis:

Intuit (INTU) is consistently seeing small contract but large premium bullish positions open and will report earnings next week on 11-28. INTU has closed higher on earnings nine of the last eleven reports with a six-quarter average max move of 7.4%. On 11/21 a trade sold 800 Dec. 1st (W) \$537.50 puts to open for \$6.10 showing confidence in limited downside next week. INTU traded 500 January \$500 short puts on 10/3 and has seen 650 January \$500 calls bought and 550 June 2025 \$500 calls bought. INTU has also seen an opening sale of 300 January \$550 puts and 350 January \$440 calls bought. INTU's top five open interest positions are all call purchases valued at over \$22M currently. INTU relative strength has continued and recently cleared the 2023 highs and is flagging on the rising 8-MA. The \$590 level would be a 1.382 Fibonacci extension target. INTU is a leading small business and consumer financial company with brands that include TurboTax, Credit Karma, Quick Books and Mailchimp. Intuit helps consumers and small businesses prosper by delivering financial management, compliance, and marketing products and services. INTU held an Investor Day in late September and highlighted its AI opportunity and growing addressable markets that remain lowly penetrated. INTU has a market cap of \$157.5B and trades 30.2X Earnings, 10X EV/Sales and 33X FCF with revenues seen rising 11.5% in FY24 and 12-13% in 2025/2026 with consistent 13-17% EPS growth. Intuit is ~5% penetrated in a \$312 billion market opportunity, which breaks out as a \$37 billion opportunity in consumer tax, \$2 billion opportunity in Professional Tax, \$85 billion opportunity for Credit Karma and a \$188 billion opportunity for Small Business & Self-Employed. Management expects to drive share growth by launching disruptive Assisted products. This represents a deep opportunity with 87M consumers and 11M business tax users within Assisted that is shallowly penetrated by Intuit today. Management discussed the cross-sell opportunity between Credit Karma and TurboTax, noting that Credit Karma's sizable base of 40M+ monthly active members not currently using TurboTax represents a compelling opportunity. Investor sentiment on INTU is waning as concerns around the exposure to SMB, health of Credit Karma and durability of growth in Tax are building and the Q1 report may be conservative with stronger growth in the back-half of 2024. Analysts have an average target of \$570 with short interest low at 1.3% of the float. Wells Fargo raised its target to \$575 positive on the long-term product roadmap and vision. Mizuho with a \$600 target after QuickBooks Bil Pay was released and sees it disruptively priced as a new recurring revenue opportunity.

Hawk Vision:



Hawk's Perspective: INTU annually screens as one of the top names to own in the entire market and continue to trust management's forward vision, a long-term compounder.

Confidence Ranking: \$\$\$