



FEATURED OPTIONS RADAR REPORT



Bulls Target Leading Provider of Small Business Services Expanding their TAM

Ticker/Price: INTU (\$432)

Analysis:

Intuit (INTU) seeing large adds yesterday to the September \$430 calls which now sit at more than 2,650X in open interest after buyers of more than \$7.5M worth this week on 4/26 and 4/28. INTU has seeing buyers in the September \$500 calls recently too for \$2.75M while the September \$590 calls remain n OI from late March. Shares have retraced 50% of the massive rally from the 2020 lows and now trying to form a double-bottom around an HVN at \$425. A move higher targets the 21-week EMA at \$500 and then a push higher up into \$550. The \$145B company trades 12.5X EV/sales and 45X earnings with nearly 20% 3-year revenue CAGR. Short interest is small at 0.65%. INTU is positioned well for long-term growth in small business, especially after the pandemic, after years of expansion of Quickbooks and their recent deal for MailChimp. They've also significantly expanded their TAM by adding payments and checking features to QuickBooks which allows users to build out better payroll processes and cash flow forecasting for both downmarket (self-employed) and upmarket (100+ employees). INTU reported mixed results in February with concerns over a slower tax season but they noted at the MSCO TMT conference on 3/8 that historically returns have been shifting later into the year and they've actually been gaining share with early filers. They also noted that more late filers will be a tailwind for their expert help business on the platform as more users engage with their advance offerings closer towards the deadline. Analysts have an average target for shares of \$620 with a Street High \$715. Wells Fargo lowering their PT to \$635 recently but positive the name noting that Intuit is increasingly more diversified and a profile the firm views as relatively more defensive for software. They would be a buyer into any tax-related weakness. Hedge fund ownership fell 7.5% last quarter.

Hawk Vision:



Hawk's Perspective: INTU is a high-quality name and building out a strong platform for small business which should continue to win share given their depth and scale, would like to see better price action but the risk/reward is compelling in this area

Confidence Ranking: \$\$