



Unusual Call Buy in Hot Tech Name Pluralsight

Ticker/Price: PS (\$26.40)

Analysis:

Pluralsight (PS) with unusual activity yesterday as 2,000 February \$25 calls opened \$2.85 to \$3. PS rarely sees options activity and is the only notable open interest. PS shares based October through December in the \$20/\$25 range and are breaking higher with a near-term measured move to \$30. The \$3.2B provider of cloud-based skill development technologies such as learning tools, skill tests, courses and mentoring trades 11.5X FY19 EV/Sales. PS grew revenues 26.5% in 2017 and set to grow 38% in 2018 with 32.9% growth seen for FY19. According to the company over 60% of Fortune 500 companies are using Pluralsight which helps companies close the technology skills gap to reach full potential. From 2013 to 2017 its billings from its Fortune 500 customers increased 9.1 times in aggregate. Training Industry Inc. estimates global spend on corporate training to be \$359B in 2016, and PS estimates its total addressable market exceeds \$24B based on data from Evans Data Corp. PS currently has over 6,700 on-demand and online courses on its platform and is adding on average 80 new ones per month. Analysts have an average target of \$34.35 on shares and short interest is low at 3.6%. RW Baird started shares Outperform with a \$28 target in November, seeing the company well positioned to capture a massive, growing, and underserved market with management aggressively investing in the sales and go-to-market capabilities. JPM has a \$40 target with cash flow set to turn positive, exceptional billings growth, and sales productivity hitting an inflection point last quarter. Hedge Fund ownership jumped 75% last quarter with Whale Rock taking a substantial position.

Hawk Vision:



Trading Strategy: PS is an exciting name I did work on last June with a note to be a buyer at \$18 and look for a move to at least \$30. Shares look great out of this base and expect it to become more well known.

Confidence Ranking: \$\$