



Calls Hot in PTC as 2020 Starts Off Strong

Ticker/Price: PTC (\$84.25)

Analysis:

PTC Tech (PTC) off a strong quarter rising early with unusual 815 July \$85 calls bought to open up to \$6.90 and now up to 1,275X and trading as high as \$7.40 in the opening 20 minutes, a name lacking any other notable open interest. PTC shares broke out of a downtrend in late January and currently setting up with a nice flag on the daily looking to move back above the 8 MA near \$85 and make a run above \$90. The \$9.9B software company makes design software and cloud based tools for industrial companies. PTC shares trade 7.2X EV/Sales, 28.1X Earnings and 42.6X FCF with revenues seen growing 17.8% in 2020, best year in a while and 43.6% EBITDA growth. PTC posted results 1/22 beating estimates by a wide margin and raising its 2020 outlook. It is now a 95% subscription mix as its transition nears completion, and sees major long-term opportunity in CAD, IoT, PLM and AR markets. It has strategic alliances with Rockwell Automation (ROK), ANSYS (ANSS) and Microsoft (MSFT). Analysts have an average target of \$95 and short interest at 3% of the float has been coming down sharply. Mizuho raised its target to \$95 on 1/23 after a very positive start to 2020 and starting to benefit from multiple secular growth trends. PTC targets \$850M in FCF by FY24. Hedge Fund ownership fell 25% in Q3 filings, Rockwell owns a large stake and 40 North Mgmt. with 17.88% of its portfolio allocated.

Hawk Vision:



Hawk's Perspective: PTC looks fantastic on technicals, fundamentals and now option flows, a name to be positioned in for a move to \$100 or higher in my view.

Confidence Ranking: \$\$