



## FEATURED OPTIONS RADAR REPORT



### Size Call Buy in Best-in-Class Software Name as 21-Week EMA Support Hit

**Ticker/Price:** TEAM (\$393)

**Atlassian (TEAM)** with a large trade this week that opened 2275 March \$460 calls for over \$10M in an adjustment and still has 9500 December \$280 calls bought for \$57M on 7/30 in open interest. TEAM shares sold off this week with growth stocks and touched lower YTD value support that lines up with some support from September as well as the ever-important rising 21-week moving average. TEAM has been on a parabolic trend move since the breakout in June and the recent low is also a 38.2% Fibonacci of the move since March lows. TEAM expects to become a \$5B+ revenue company with 100M cloud monthly active and they have wide reach into collaboration, coding, workflow management and more and their software transition remains in the early innings with plenty of room for growth, just 58% of all revenue in FY20. Longer-term, TEAM should continue to be a big winner as DevOps becomes the big focus for enterprise digital transformations. TEAM is coming off a 53% growth quarter for its cloud platform and has some of the best unit economics in the entire Software industry. In Q1, Atlassian added 11,746 customers, up 74% Y/Y, growing the customer base 30% YoY to 216,500. 99% of these new customers are starting the Cloud. Management framed the opportunity at its Investor Day a year ago, from a dollar perspective, management estimates a \$24 billion overall TAM, \$13 billion derived from technical teams (where they see the opportunity to more than triple the paid user base with the current product set) and \$11 billion from non-technical teams (with the opportunity to be much bigger as the broader 1.1 billion in global information workers is penetrated). TEAM currently has a \$101B market cap and trades rich at 38X EV/Sales with revenues seen rising at a 25% CAGR the next three years. Analysts have an average target of \$500 and short interest is low at 1.5% of the float. MSCO raised its target to \$505 after the quarter seeing valuation justified by the strong momentum with durable 30%+ FCF growth. RBC raised its target to \$515 seeing current Street estimates overly conservative. Baird raised its target to \$520 seeing datacenter customers migrate to cloud at a faster pace and top of the funnel, expanding workflow opportunity, and the powerful Atlassian partner network and platform are seen as key drivers.

#### Hawk Vision:



**Hawk's Perspective:** TEAM has a nasty daily chart but the weekly remains intact and the 21-week should provide a key level to get long against in one of the strongest Software names in the market.

**Confidence Ranking:** \$\$