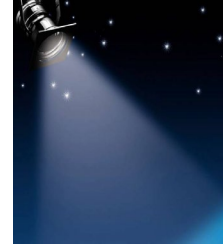


SPOTLIGHT OPTION TRADE



Software Leader Valuation Gives Room for Another Sharp Leg Lower

TRADE SNAPSHOT

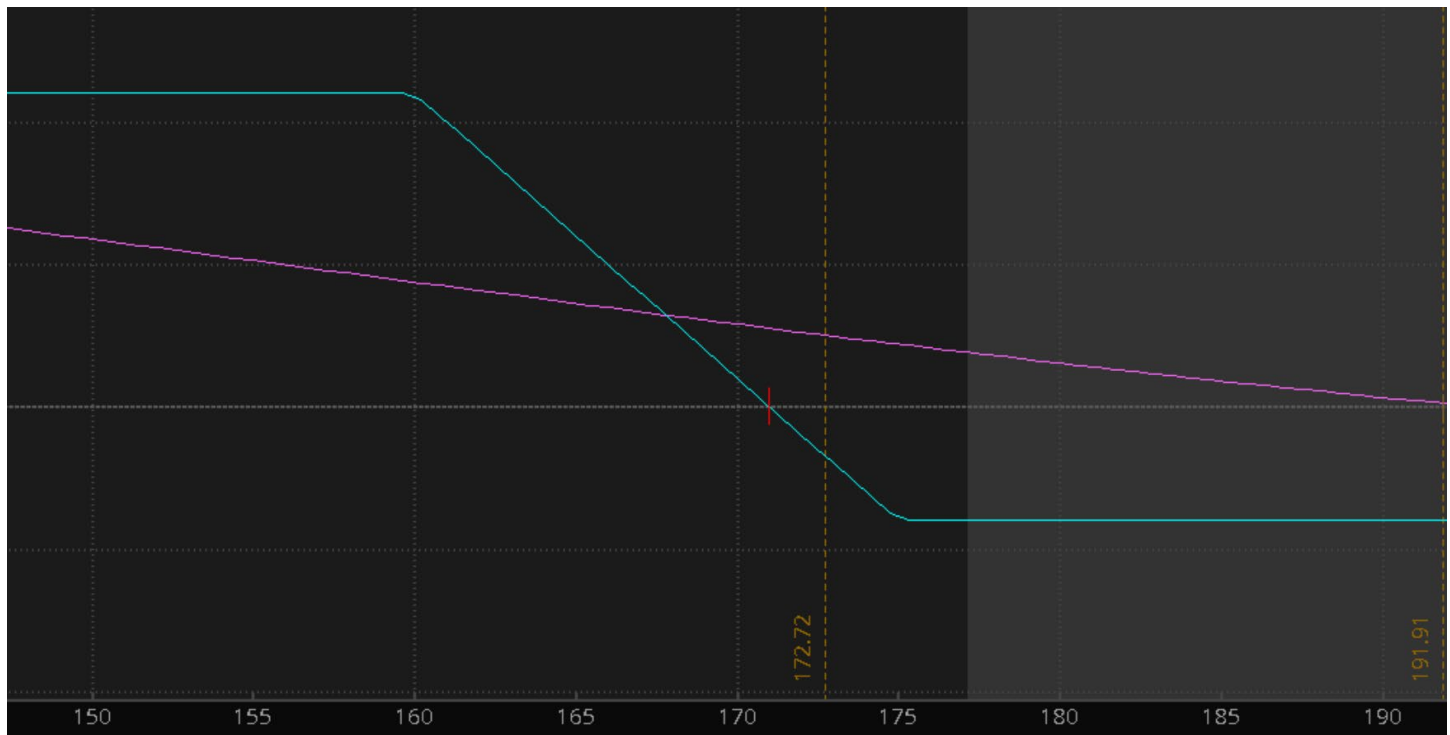
TICKER	TEAM
SECURITY	Atlassian
SECTOR	Tech - Software
CURRENT PRICE	\$192
LONG/SHORT	Short
TARGET	\$160 or Lower
STOP	\$210
TIMEFRAME	1 Month

Trading Strategy: Long the TEAM August \$175/\$160 Put Spreads at \$4 Debit

Net Debit/Credit: Debit of \$4

Profitability Zone: TEAM Below \$171 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: TEAM has been unable to sustain much of a rally and although weekly MACD improving a nearing a bull cross a large bear flag pattern is forming below its 200-week EMA and if it loses the \$175 level it can start a sharp move lower to \$140. The spreads offer a favorable risk/reward for a potential big move.



Fundamental Analysis: TEAM is one of the stronger cloud businesses around across key metrics but also is vulnerable to some spending slowdown as it trades at a premium multiple and ServiceNow's (NOW) recent commentary is concerning. DevOps remains a key focus for enterprise digital transformations, but shares are trading 17X EV/Sales and 70X EBITDA with its forward three-year revenue CAGR slowing to 27%. TEAM has high operating expenses and FCF margins may have peaked in FY21 according to forecasts while margins may also come under pressure and lead to multiple compression while rising competition in its key markets is another concern. TEAM is investing heavily and investors could be disappointed in a further delay in profits. Analysts have an average target of \$350 and short interest is low at 3.4% of the float. Goldman raised to Buy on 6/27 with a \$300 target positive on the cloud transition hitting an inflection point.

Options Activity:

Date ▾	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium	Last	Current OI	▲ Price	▲ OI
06-29-2022	TEAM	TEAM 100 19 AUG 22 280 CALL	2,526	2	\$1.7	0.09	68.12%	\$429,420	\$0.85	2,516	▲ 50%	▼ 0.47%
06-27-2022	TEAM	TEAM 100 16 SEP 22 240 CALL	242	116	\$14	0.37	63.89%	\$336,380	\$5.48	1,053	▼ 60.86%	▲ 194.13%
06-06-2022	TEAM	TEAM 100 19 JAN 24 190 CALL	151	38	\$59.2	0.66	61.6%	\$899,960	\$54.19	115	▼ 8.46%	▼ 39.15%
05-24-2022	TEAM	TEAM 100 16 SEP 22 250 CALL	610	95	\$5.05	0.18	67.48%	\$335,500	\$3.8	678	▲ 24.75%	▼ 3.83%
05-10-2022	TEAM	TEAM 100 16 DEC 22 200 CALL	300	12	\$28.6	0.54	65.93%	\$858,000	\$26.4	373	▲ 7.69%	▲ 19.55%
05-10-2022	TEAM	TEAM 100 16 DEC 22 180 PUT	300	96	\$36.1	-0.38	63.76%	\$1,083,000	\$27	425	▲ 25.21%	▲ 7.32%
05-10-2022	TEAM	TEAM 100 20 JAN 23 190 PUT	608	72	\$42.2	-0.43	61.39%	\$2,590,080	\$34.6	646	▼ 18.01%	▼ 5%
04-28-2022	TEAM	TEAM 100 20 JAN 23 220 PUT	300	233	\$31.2	-0.31	57.01%	\$999,000	\$48.9	467	▼ 56.73%	▼ 12.38%
04-27-2022	TEAM	TEAM 100 20 JAN 23 250 PUT	500	109	\$46	-0.42	52.91%	\$2,335,000	\$71.17	586	▼ 54.72%	▼ 3.78%
04-12-2022	TEAM	TEAM 100 20 JAN 23 240 PUT	277	156	\$33.5	-0.32	52.85%	\$927,950	\$68.15	385	▲ 103.43%	▼ 11.09%
04-11-2022	TEAM	TEAM 100 16 SEP 22 350 CALL	509	39	\$15.7	0.29	53.08%	\$799,130	\$0.39	549	▲ 97.52%	▲ 0.18%
04-01-2022	TEAM	TEAM 100 16 SEP 22 310 PUT	350	307	\$43	-0.45	50.01%	\$1,505,000	\$129.5	274	▼ 201.16%	▼ 58.3%

Potential Catalysts: Earnings 8-4-2022

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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