



Upland Calls Targeting Rebound in 2020

Ticker/Price: UPLD \$38.30

Analysis:

Upland Software (UPLD) buyers early for 500 April \$40 calls and now volumes running up over 800 with activity up to \$3 to open today. UPLD has 1300 January \$35 short puts in OI as well as some OTM January \$45 and \$50 calls from buyers in August that are far underwater. In November, the April \$35 puts were sold to open near 700X. UPLD is working out of a multi-week range this week and back above its 50-day MA with the 200-day and a wider base breakout above at \$41.50. Shares rallied in early 2019 up to \$54 but have pulled back to the 61.8% Fibonacci while the weekly is back at trend support with MACD nearing a bull crossover and RSI moving out of a range. The \$967.8M company trades 5.6X EV/sales and 8.2X cash. UPLD focuses on cloud-based enterprise management software with end-market reach across their portfolio into finance, professional services, marketing, and more. UPLD has a well-defined acquisition strategy and roll-up model and recently bought Altify, a leader in CRO solutions. The deal is accretive to EBITDA and expands them into a big new vertical. The company also raised guidance and now sees high-single digit EPS growth and sales up 19.35% in 2020. Analysts have an average target for shares of \$51.75. CSFB starting at Outperform on 11-6 with a \$48 PT. The firm notes management has a strong track record of integrating deals and the firm likes their approach of acquiring overlooked and underappreciated assets at disciplined multiples. Jefferies with a Buy rating as well while Craig-Hallum positive on the Altify deal as it is nicely accretive, fits well with existing solutions, provides a substantial new incremental addressable market opportunity. Short interest is high at 15.4%. Hedge fund ownership rose 20.78% in Q3. Silvercrest, Raging Capital, and Whetstone Capital notable adds.

Hawk Vision:



Hawk's Perspective: UPLD is a bit extended here after the two-day run and would prefer to target on a pullback to the 8- or 13-EMA but like the longer-term look, despite the 15% short float

Confidence Ranking: \$\$