



ZM, CRWD, DOCU

Zoom (ZM) will report results 11/30 after the close with the Street expecting \$0.76 EPS and \$694M in Revenues (+316%), and FY21 seen at \$2.55/\$2.41B. ZM shares have closed higher the last three reports with an average six quarter max move of 18.3%, though last quarter's 40% move higher a big factor. The \$126B provider of a video communication platform that has been an ultimate winner during the pandemic with shares up nearly 600% YTD currently trades 57X FY21 EV/Sales with revenues seen rising 287.7% in 2021 and 30.6% in 2022. Zoom is seen as the future of work and collaboration and has a 130%+ dollar-based net expansion rate for nine consecutive quarters. It is seeing a lot of success winning larger customers and sees penetration rates very low across its larger ARR thresholds. It sees a \$23B market opportunity for Zoom Phone by 2024. Analysts have an average target of \$475 and short interest remains elevated at 6% of the float. With news last week of Salesforce looking to buy Slack, Zoom is the other obvious potential bidder for Slack, a possibility to keep in mind. Mizuho has a \$550 target on shares and on 11/10 noted the buying opportunity seeing near and long term growth drivers firmly intact with incredible uptake of its best-of-breed product. On 10/15 Bernstein raised its target to \$611 seeing a long runway for penetration at larger firms and bullish on its operational metrics and new product potential. DA Davidson raised its target to \$600 after the October Analyst Day positive on strong traction and new product releases including an app marketplace and event platform. Hedge Fund ownership fell 19% in Q3 filings, notable top holders include Tiger Global, Whale Rock and Coatue. On the chart ZM recently pulled back to the 21-week moving average and 61.8% Fibonacci, which is key for growth/momentum stocks and held while closing last week strong back above all key moving averages. The next upside targets are \$500, \$585, and \$670 while \$420 and \$390 are support. ZM options are pricing in a 13% earnings move and 30 day IV Skew at 0% compares to the +1.9 52-week average. ZM has 1200 weekly \$420 calls in OI valued over \$7M, seen buyers of 2500 January \$500 calls, the March \$840 way OTM calls bought 1000X last week, and 4500 Jan. 2022 \$115 deep ITM calls remain in OI worth \$135M.

Trade to Consider: Long **ZM** December \$500/\$530 Call Spreads at \$9.50 Debit



CrowdStrike (CRWD) will announce earnings 12/2 after the close with the Street view at \$0.00 EPS and \$213.4M in Revenues (+70.6%), and FY21 seen at \$0.06/\$823M. CRWD shares have closed higher two of its last three reports, a six quarter average max move of 13.9%. The \$32.9B cloud security leader trades 39X FY21 EV/Sales with revenues seen rising 71% in 2021 and 36% in 2022. The company is one of many benefiting from more widespread Work-from-Home policies during the pandemic as companies look to secure a wider array of devices. CRWD is expanding their Falcon Prevent product for Home Use, especially across ransomware which has been prevalent, while also introducing Burst Licensing for remote workers. Organizations are shedding outdated systems and accelerating their move to modern cloud-native technologies to meet the demands of today's threat landscape. It sees a large and expanding TAM of \$29.2B in 2021. Analysts have an average target of \$160 and short interest continues to climb, now at 5.5% of the float. Baird upgraded to Outperform on 11/11 with a \$155 target citing strong fundamentals, favorable competitive positioning and solid execution. Mizuho raised its target to \$170 seeing it extremely well positioned to take additional share from legacy and next-generation security endpoint vendors. Piper raised its target to \$175 after the company's user conference, increasingly confident in its market-leading solutions addressing rapidly growing markets. Hedge Fund ownership fell 12.5% in Q3 filings, notable top holders include Tiger Global, Coatue, Whale Rock and Matrix. On the chart CRWD on the weekly consolidating above the rising 21-week MA since September and started to break higher last week. A move out of this weekly flag measures another fifty points higher to \$200. Support levels on weakness are \$136 and \$132. CRWD options are pricing in a 9.55% earnings move and 30 day IV Skew at -0.3% is bullish inverted and compares to the +0.9 52-week average. CRWD options have seen a lot of opening put selling with June \$105 and \$95 recently and size April and January \$95 short puts in open interest while 3500 Dec \$150 calls stand out on the call side and 3000 of the Dec. \$170 short calls.

Trade to Consider: Long the **CRWD** December/January \$170 Call Calendar Spreads \$2.60 Debit



DocuSign (DOCU) will report results 12/3 after the close with the Street consensus at \$0.13 EPS and \$361M in Revenues (+44.8%) and FY21 seen at \$0.58/\$1.39B. DOCU shares have closed lower the last two reports after being higher the previous three, a six quarter average max move of 14.5%. The \$41.5B provider of collaboration software trades 30X FY21 EV/Sales with revenues seen rising 42% in 2021 and 31% in 2022. DOCU has benefitted from the explosion in remote work during the pandemic. They should continue to see strong adoption among enterprise customers while government is an increasingly important vertical where they see a lot of opportunity given the growing processing needs for unemployment benefits, HHS filings, and other emergency needs. DOCU also thinks the FedRAMP certification will open a lot of opportunities within Federal that are not baked into long-term estimates. Analysts have an average target of \$251 with short interest at 5.4% of the float, rising 15% Q/Q. Citi raised its target to \$257 last week seeing tailwinds and expects it to meet high Q3 expectations. Needham started shares Buy with a \$240 target on 11/18 seeing demand durable despite the pull-forward and DOCU at the forefront of digital transformation projects with a dominant market position. Baird started DOCU Outperform with a \$280 target and sees broader growth opportunities with a significant competitive moat and growing profitability. UBS started Buy with a \$290 target on 10/13 and sees cross-selling for its Agreement Cloud suite under-appreciated. Hedge Fund ownership rose 5% in Q3 filings, Lone Pine Capital with a large new position and Melvin Capital added to its position. On the chart DOCU shares are tightly coiled on the weekly and basically consolidating since July with the rising 21-week MA supportive. DOCU has support in the \$195/\$200 zone while upside could see a trend continuation move towards \$275. DOCU has a massive March \$180 call position in OI for 6750 contracts worth over \$36M, while 1900 weekly \$220 calls holding in OI and short the \$255 calls from 11/6. A 10/2 buyer of 2000 March \$220 calls for \$7M also sits in OI and well as 1500 March \$200 calls.

Trade to Consider: Long the **DOCU** December \$230/\$250/\$260 Unbalanced Call Butterfly at \$4.75 Debit



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