



Veeva Calls Bought into Basing Pattern

Ticker/Price: VEEV (\$152.75)

Analysis:

Veeva Systems (VEEV) with 1,000 January \$160 calls being bought this morning up to \$10.10 and follows the March \$260 ITM puts sold around \$21.50 to open on Friday. VEEV has seen some December \$150 calls bought 850X recently as well. Shares have pulled back off of 52-week highs in July around \$175 and rebounding just above the 200-MA. A move above \$159 clears downtrend resistance and YTD VPOC with a move higher targeting \$169 and then longer-term extension to \$210. MACD is crossing over bullish on the daily as well. The \$21.37B company trades 15X cash and 21.4X EV/sales with mid-teens EPS growth and revenue growth settling into a 17-18% annual range. VEEV continues to see strong customer growth with Engage doubling its footprint, continued expansion into new geographies and Vault adding its first 'top 20 medical device' customer. The company still sees Vault in the early innings of market penetration and now representing more than half of their revenue mix. Analysts have an average target for shares of \$170. Stephens with a \$185 PT on 8-28 expecting Veeva to manage through its CFO transition well while Vault continues to drive transitions from the legacy systems. Needham has a \$200 PT for shares. They see add-on modules like Nitro and Andi helping drive strong performance and multiple levers to drive growth above 20%. Short interest is 2.3% and its lowest level in over a year. Hedge fund ownership jumped 34% in Q2. Melvin Capital a new 600,000 share position.

Hawk Vision:



Hawk's Perspective: VEEV triggered a breakout above \$150 to start the day, running into 33 EMA resistance currently, a high quality growth name, though Software names have been making lower highs and valuation concerns make it necessary to tightly manage risk in the names.

Confidence Ranking: \$\$