



## Salesforce Calls Hot into DreamForce Event in November

**Ticker/Price:** CRM (\$144.20)

### Analysis:

**Salesforce (CRM)** sweep buys 1500 Dec. \$150 calls \$5.45 to \$5.50 early and action quickly up to 3300X for \$1.75M purchase. CRM has been under pressure with the Software group but potential to form a right shoulder of an inverse head and shoulders pattern while also sitting above 1 year trend support and the rising 89 week moving average. The \$125.5B cloud leader trades 47.2X Earnings, 8.5X Sales and 38.85X FCF and next week we get some read-through from Amazon and Microsoft in the cloud. CRM growth has slowed and been using acquisitions the past two years including a big deal for Tableau earlier this year, and sees 24% topline growth in 2021. CRM continues to expand operating margins as it enters a strong earnings cycle and seeing growth across all segments of its massive TAM. CRM next reports on 11/20 and will speak at a few conferences later this month. Analysts have an average target of \$185 and short interest is 2% of the float. BAML has a \$200 target and sees margins as the most important factor and sees positive catalysts including DreamForce in November detailing Customer 360. Jefferies started at buy earlier this month noting the story embodies the best characteristics of the software sectors. JMP out on 10/7 citing strong checks and a \$191 target and sees a lot of buzz into DreamForce. RBC upped its target to \$200 in August citing little competitive pressure and no evidence of pricing pressure and attractive valuation. Hedge Fund ownership rose modestly in Q2 filings, new stake from Viking Global, while Winslow and Lone Pine remain large holders.

### Hawk Vision:



**Hawk's Perspective:** CRM needs to see some better price-action and need to see Software return to favor in general, but it remains attractively valued for its growth.

**Confidence Ranking:** \$\$