



## FEATURED OPTIONS RADAR REPORT



### Yandex Long Term View Sees Upside Potential

Ticker/Price: YNDX (\$60)

#### Analysis:

**Yandex (YNDX)** large opening buy in the afternoon on 8/6 of 2000 January 2022 \$55 calls \$14.20 to \$14.50. YNDX also with 500 November \$55 puts sold to open and has seen buyers in November \$50 calls. YNDX shares have been on a vertical run since the March lows and nearing the next Fibonacci extension target at \$62. Shares have ridden the 8 EMA higher since June without any major dips. Yandex gets the majority of its revenues through Search/Portal where it has a dominant market share in Russia, but also has growing businesses like Media, Classifieds, E-Commerce, and Taxi as well as Other Bets. The Taxi group is structured with 58.2% Yandex ownership and 36.2% owned by Uber. It encompasses ride-sharing, food delivery and self-driving cars. The Classifieds segment includes vehicle sales, real estate, and job seeking. The Media segment includes a music streaming service, a Russian source for movies and tv-show information, ticket buying and other services. The E-Commerce segment has a ton of potential with Russia at 5.3% penetration versus 23.9% in China. The Other Bets segment also has interesting businesses including Yandex Cloud, Yandex Education, a content feed called Zen, Geolocation Services and a car-sharing service. The \$18.75B Russian tech leader trades 34.35X Earnings, 7.4X Sales and 18.6X FY21 EBITDA with a clean balance sheet and a lot of cash. YNDX forecasts are looking for a return to robust growth in FY21 with 37% revenue and 82.8% EPS growth consensus. YNDX has posted impressive ROIC numbers since FY16 in the 18-25% range and operates with 29% EBITDA margins while FCF margins jumped to 13.6% in 2019. Yandex hit a key milestone in Q2, the reorganization of its joint ventures with Sberbank, full integration of e-commerce services into the Yandex ecosystem will unlock significant synergies in multiple areas and it can also not pursue fintech opportunities. GMV Marketplace increased by 3.5X in Q2, supported by wider assortment and higher number of orders. Analysts have an average target of \$55 and short interest is 2.9% of the float. Deutsche Bank raised its target to \$65 last week as a top fundamental own in global internet returning to growth in 2H20. BCS Global in June noted potential MSCI index inclusion for Russia and an IPO of the taxi unit as potential upside catalysts. Hedge Fund ownership rose 5.7% in Q1 filings, Egerton Capital a notable top holder.

#### Hawk Vision:



**Hawk's Perspective:** YNDX has always been a favorite International play and though missed this latest run, ready to jump into this on any weakness to the 55 MA.

**Confidence Ranking:** \$\$