



## FEATURED OPTIONS RADAR REPORT



### Veeva Calls Adjust Out Long-Term, Top Software Story Continues to Grow

**Ticker/Price:** VEEV (\$263)

#### Analysis:

**Veeva Systems (VEEV)** over the last few days has seen September profitable call positions adjust out to January 2022 where the \$250, \$260, \$350 and \$370 calls have opened sizable premium while 1000 March \$270/\$300 call spreads bought as well as 1000 each in December \$220 and January 2022 \$190 puts sold to open. VEEV September positions were ones we wrote in depth back in April and sticking with the long-term uptrend. VEEV shares have been strong up 90% YTD and pulled back with Tech growth recently to its 55 MA with a hammer attempt on 9/17 near the low-end of its three-month value zone. The \$41B niche software company is a leader of cloud solutions in the life sciences industry. VEEV has a strong presence with its installed base in life sciences and sees opportunity for its Vault offering in new verticals moving forward that can significantly expand its TAM. VEEV is also one of the most profitable SaaS names with 35% margins and has sustainable revenue/FCF growth. The life sciences industry leads all in R&D as a percentage of sales which benefits demand for VEEV offerings. It is seeing accelerating adoption from existing customers through cross-selling. VEEV announced on 9/16 it is exploring becoming a public benefit corporation. VEEV is coming off another beat and raise quarter, and commented on the strong demand it is seeing from customers looking for digital solutions. Analysts have an average target of \$305 and short interest is low at 1.5% of the float. VEEV currently trades at 22.5X FY22 EV/Sales with revenues seen rising 28.7% in 2021 and 20% in 2022, rich valuation. Needham raised its target to \$310 on 8/28, highlighting strong sales momentum and new solutions driving additional growth vectors while operating margins surpassed 40% with potential to reach 45-50%. MSCO raised its target to \$323 on 8/31 as a unique software asset with consistent growth, profitability and defensibility. Hedge Fund ownership declined 17.75% in Q2 filings, Winslow reducing its position while Champlain added to its position.

#### Hawk Vision:



**Hawk's Perspective:** VEEV is an incredible company and one to add on these kind of pullbacks, although valuation is rich it is simply a leader in a growing category with impressive economics.

**Confidence Ranking:** \$\$