



FEATURED OPTIONS RADAR REPORT



Large Call Buyer in Bill.com Sees Upside Potential

Ticker/Price: BILL (\$89.60)

Analysis:

Bill.com (BILL) size buyer 1500 February \$90 calls to open \$16.70 up to \$17.30, a name lacing much notable open interest. BILL one of the more exciting software growth names has been basing above its rising 21 week EMA the last four weeks holding up and starting to work out of a base this week. BILL sets up for a potential continuation run of new highs if Software comes back into favor. The \$6.85B provider of software solutions for back-office operations trades 20X FY22 EV/Sales and after 45% revenue growth in 2020 sees 17% growth in 2021 and 29.5% in 2022. BILL is a disruptive name for small businesses as their platform replaces paper invoices and checks for things like billing to vendors and getting paid for services. BILL has been rapidly expanding their network integrating with Quickbooks for greater SMB adoption and expanding partnerships with larger institutions like Chase. BILL sees massive opportunity in B2B payment flows and has launched a wide range of functionality in the last couple years including cross-border payments, virtual card payments, same-day ACH, and now testing real-time payments through The Clearing House. Analysts have an average target of \$110 and short interest down 45% Q/Q at 3% of the float. Needham raised its target to \$120 on 8/28 on a belief that partnerships with financial institutions will accelerate and increased market awareness. Piper and Jefferies also raised targets noting very strong business though valuation concerns. OpCo interesting note with its July initiation " Although Bill.com has a long way to go before establishing itself as a true network play, investors are already giving it credit by ascribing a high valuation. Bill.com has one of the largest data stores of payments behavior, and we are optimistic, but think broad-based monetization activity from the network is still a few years away." Bill.com benefits from real top-line drivers, including new and deepening mega financial institution partnerships (Bill.com emerging as a cloud financials winner), payments (share gains and positive pricing trends), and current and future product cycles (base growth and ARPU lift). Hedge Fund ownership jumped 25% in Q2 filings, Temasek with a notable \$500M stake and Whale Rock added to its position.

Hawk Vision:



Hawk's Perspective: BILL has a moving average cluster to clear above \$91 but overall is one of the more compelling growth opportunities in small cap software and think it is a great own.

Confidence Ranking: \$\$