



FEATURED OPTIONS RADAR REPORT



Zoom Bulls Position for Upbeat Investor Event

Ticker/Price: ZM \$497

Analysis:

Zoom Video (ZM) buyers of 1,500 January \$500 calls this morning from \$71.40 to \$74 and follows buyers this week in the February \$490 calls and May \$380 calls while size remains out in the January, March, and June calls. ZM draws a lot of activity but some massive longer-term positions in OI including 4,500 January 2022 \$115 calls bought around \$265 on 9/3, a near \$95M position. ZM is consolidating in a narrow flag under new highs with a measured move to \$650. The rising 21-MA is coming up below the current range and potential for a strong near-term move after four days of narrow range consolidation. The \$136.3B company trades 92X cash and 103.9X EV/sales, rich on paper given the over 6X move this year in shares but tons of longer-term opportunity and massive market where its far-and-away in a leadership position. ZM has potential tailwinds into year-end from a second wave of COVID hitting the US, much like its doing in Europe now, and lockdowns potentially coming back into focus. They're also likely to see embedded long-term opportunity as more businesses extended Work-from-Home initiatives indefinitely like Microsoft (MSFT) announced today. ZM will host an analyst day next week and potential to hear expanded discussion of monetization efforts and new products that CEO Eric Yuan discussed on the call in September. These could also include expanded support into areas like telemedicine, virtual home tours, and more. Analysts have an average target for shares of \$367.75 and Mizuho a Street High \$550. The firm thinks ZM can continue to deliver "outsized" revenue growth due to its position as a video conferencing market leader, its global recognition, cross-sell opportunities, and its position in a growing and underpenetrated long-tail market. Stifel positive recently noting that even if the pandemic subsides in 2021, ZM will continue to be an integral part of business in the future as more companies have seen the relevance of easy-to-use, ubiquitous video conferencing. Short interest is 2.9% and down from 4.7% in July. Hedge fund ownership rose 32.3% in Q2, Hillhouse Capital with a \$1.7B position while Coatue, Whale Rock, Lone Pine, and Tiger Global all top 10 holders.

Hawk Vision:



Hawk's Perspective: ZM sets up great here into the event while longer-term optionality exists despite facing tougher comps in 2021, a leader in the space and worth buying on dips

Confidence Ranking: \$\$