



## MongoDB Explosive Growth Opportunity Attracts Call Buyers

**Ticker/Price:** MDB (\$148.65)

### Analysis:

**MondoDB (MDB)** has been attractive low contract but high dollar positioning recently with a longer-term view, the January 2021 \$130 calls with more than 300 bought yesterday for around \$1M which follows buys in the \$100 and \$120 calls. MDB has also seeing buyers in February and March calls and the May \$175 calls opened 400X back on 10/30. MDB shares made a strong trend move through June 2019 before pulling back and basing along its rising 55 week moving average, also the 61.8% Fibonacci retracement held firm and shares started 2020 breaking out of the pullback trend and weekly RSI showing a strong trend of higher lows. The \$8.45B provider of a cloud-hosted database trades at a premium valuation of 20X EV/Sales and has seen explosive topline growth of 44.6% in 2018, 60.8% in 2019, and 53% in 2020 with FY21/FY22 seen as 30% growth years as profitability is expected in FY23. FCF margins are expected to inflect positive in FY21. MDB announced a partnership in October with Alibaba Cloud and coming off a real strong report in December with Atlas now 40% of its business and continues to develop new relationships. The database market is one of the largest in Software, \$64B spent in 2019 expected to reach \$97B in 2023. Database is at the center of software application which is seeing growing spend/adoption across all industries. Analysts have an average target of \$165 and short interest does continue to rise to 20% of the float. On 1/8 Piper named MDB one of the top five SaaS stocks to own for this decade. Argus started coverage at Hold on 1/6 citing valuation concerns despite it being a disrupter in the large enterprise database software market. DA Davidson lowered its target to \$143 in December noting margins may face further headwinds as Atlas customers pay monthly instead of annual. Stifel added MDB to its Select List after all key financial metrics beat in December and sees it transitioning to a true cloud platform that can sustain 30%+ recurring revenue growth, a \$185 target. Hedge Fund ownership fell 15.3% in Q3 filings, Whale Rock a top holder did reduce its position.

### Hawk Vision:



**Hawk's Perspective:** MDB is one of the most exciting growth names in Tech, but it does come at an extreme high valuation and the rising short float a concern potentially with concerns of competition slowing growth. It is a name to own with stock and puts for protection, or await a better entry when it grows more into its valuation.

**Confidence Ranking:** \$\$