



Bulls Continue to Target Emerging Player in Growing Digital Advertising Space

Ticker/Price: PUBM (\$37.50)

Pubmatic (PUBM) a recent gap higher on earnings and today seeing 1,000 April \$35 calls bought for \$8.30 to \$8.60 to open and follows 1,000 of the April \$40 calls bought on 11/10 for \$8.50 to \$9.40 and 500 of the April \$25 calls bought in October. The December \$45 calls had buyers on 11/12 as well. Shares broke a long downtrend from the April highs this week and out above a multi-month base as well as monthly value at \$30. The current consolidation has a short-term measured target up to \$50 while there's also an untested POC from May up at \$54.75. The \$1.88B company trades 9.1X EV/sales with 30% growth in FY20 and 53% growth expected in FY21. PUBM is one of the largest independent supply side platforms enabling real-time programmatic advertising transactions for Internet content creators and advertisers worldwide. The company has been benefitting from a big shift in traditional advertising spending towards more digital channels especially across mobile, desktop, OTT, connected TV and more. PUBM is coming off a strong quarter as their diversified revenue base helped them overcome expected headwinds from Apple's IDFA and supply chain issues. PUBM expects to continue gaining share in 2022 as they expand usage with buyers across new features like workflow automation, inventory quality, and better data/audience solutions. Long-term, PUBM has a massive opportunity with digital advertising expected to outpace growth in the overall space and move to \$526B by 2024, up from \$325B in 2019. Analysts have an average target for shares of \$52 with a Street High \$64. OpCo positive on 11/10 raising estimates as the firm thinks guidance suggest it is gaining share and has been able to turn Apple's Identifier for Advertisers and advertiser focus on removal of cookies into a tailwinds. Macquarie starting coverage at Outperform in late August. The firm notes open internet players are gaining share from walled gardens, and that ad spend is consolidating around fewer supply side platforms where PUBM will continue to be a leader. Hedge fund ownership fell 40% last quarter, Driehaus Capital a seller of 1.5M shares. Insiders were last active buying the name in June when a director adding \$210K in stock at \$29.86. Short interest is 11%.

Hawk Vision:



Hawk's Perspective: PUBM has been pretty quiet for much of the year after their early hot start and think sentiment can continue to shift more positively into 2022 as they execute better in a space with a long runway

Confidence Ranking: \$\$