



## FEATURED OPTIONS RADAR REPORT



### Snowflake Call Buyers Position Ahead of Earnings Eyeing Return to Momentum

**Ticker/Price:** SNOW (\$229)

#### Analysis:

**Snowflake (SNOW)** stock and IV rising with 2350 June \$250 offer sweep calls bought \$15.40, tightly coiled growth Tech play. SNOW has seen buyers recently in the November \$235 calls for more than \$1M and the August \$315 calls for more than \$1M as well while the June and January options with plenty of bull flow as well in March. Shares have lagged behind since hitting a peak near \$420 in November and now trying to base around the \$220 level with a move back above the 50-day in focus. A break higher has room up to February value around \$290/\$300. The \$67.85B company trades 56.8X EV/sales, fairly rich on valuation, with 88% growth in FY22 and 64.5% in FY23. SNOW is an emerging leader in cloud-based data warehousing with a 10% market share and expanding client base with their platform agnostic approach. SNOW was at the MSCO Tech conference in March and noted that they continue to build a large backlog of enterprise contracts to migrate legacy on-premise systems to Snowflake. They continue to see major opportunities to expand their TAM by expanding into unstructured data which they should announce in the 2H of their FY, an area IDC estimates is as much as a \$16B market and only 25% in the cloud. Analysts have an average target for shares of \$285 and a Street High \$350. Evercore ISI started coverage on 3/26 at Outperform as they think there are few software firms over the last decade that have as large a growth opportunity as Snowflake. The firm thinks SNOW's cloud data warehousing TAM will power strong revenue growth in the near-term and longer-term it's a unique way for investors to get exposure to the rapid growth and democratization of data within organizations. UBS with a Buy in March noting that conversations with customers have improved his view of the data analytics software trends. Short interest is 2.8%. Hedge fund ownership rose 122% in Q4, Altimeter Capital a buyer of 9M shares.

#### Hawk Vision:



**Hawk's Perspective:** SNOW has a sky-high valuation and that's been out-of-favor for much of 2021 but the long-term potential remains huge and do think its giving a nice risk/reward setup here versus the recent lows

**Confidence Ranking:** \$\$