

SPOTLIGHT OPTION TRADE



Snowflake Call Spreads Attractive Risk/Reward into Bottoming Base, Inverted Skew

TRADE SNAPSHOT

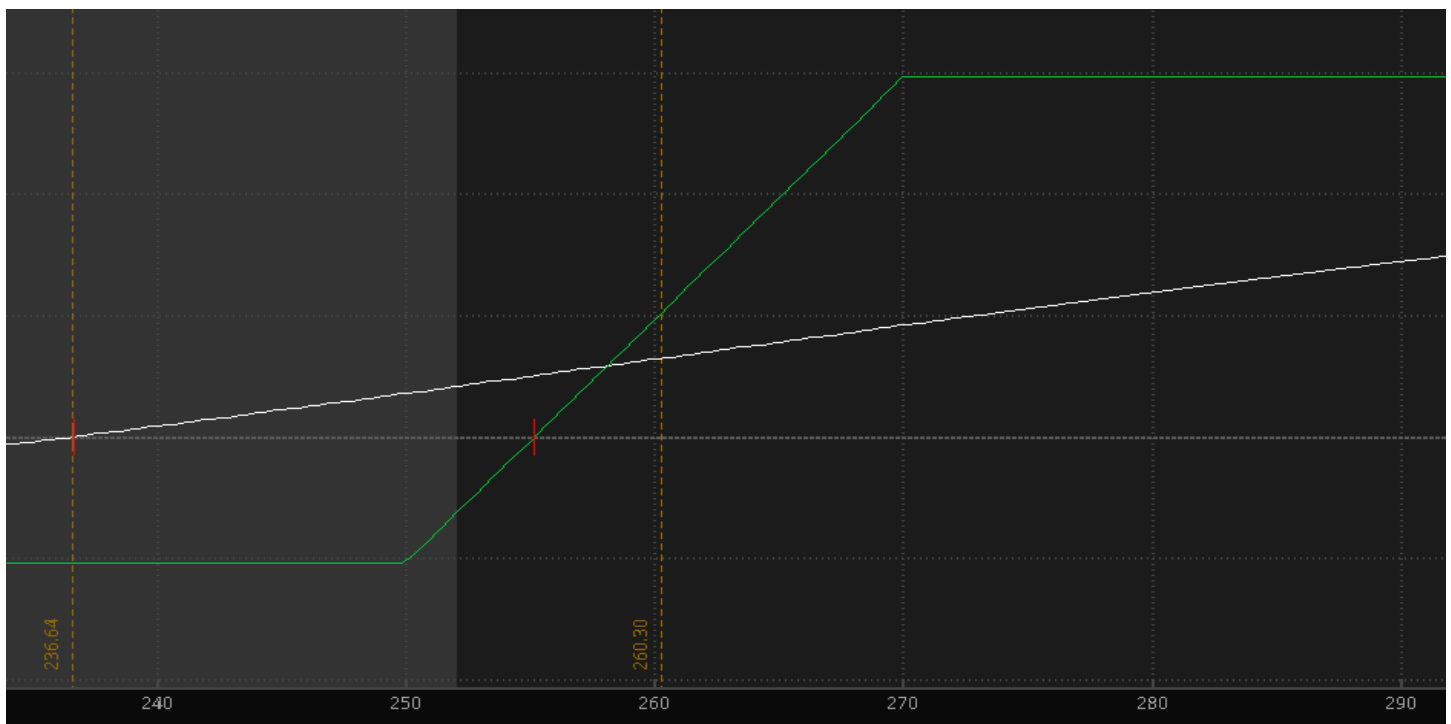
TICKER	SNOW
SECURITY	Snowflake
SECTOR	Tech – Software
CURRENT PRICE	\$236.65
LONG/SHORT	Long
TARGET	\$275
STOP	\$213
TIMEFRAME	6 Weeks

Trading Strategy: Long the SNOW June \$250/\$270 Call Spreads at \$5.20 or Better

Net Debit/Credit: Debit \$5.20

Profitability Zone: SNOW Above \$255.20 on June OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: SNOW looks to be bottoming, shares forming a rounded base stuck under VWAP from the February highs while RSI continues to trend upwards, and the next target the VWAP from the December highs up at \$280 aligns with the measured move of the base breakout.



Fundamental Analysis: 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 has set itself apart from peers as their software is platform agnostic and can be run on AWS, Azure, and Google's cloud, giving them a distinct advantage in a market growing rapidly. Gartner estimates that 75% of all databases will be in the cloud by 2022 and hybrid strategies likely more accelerated while IDC sees the revenue opportunity in storage doubling by 2023 to over \$180B. 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. SNOW is well positioned to capture secular growth trends including cloud migration and secure data sharing and is playing an increasingly important role across the entire data value chain. Snowflake's cloud native data platform remains well positioned to take share from incumbent data warehousing solutions and will continue to capitalize on long-term secular growth drivers as enterprises grapple with analyzing large and growing volumes of data across disparate sources. SNOW currently has a \$67B market cap trading 36X FY23 EV/Sales with revenues growing 123% in 2021, and seen growing 85% in 2022 and 65% in 2023. The valuation is rich, but it is a unique growth story and estimates are likely far too low. The company has seen a 9% non-GAAP product gross margin expansion since FY19. Management remains committed to drive margin expansion with better discipline over discounting, higher volume-based discounts for purchases of third party cloud infrastructure, and increased scale across cloud regions. 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.

Options Activity:

Date	Description	Volume	Open.In	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change	OI Differential
4/22/2021	SNOW 100 18 JUN 21 305 CALL	601	84	\$4.60	0.16	62.96%	11.02%	\$282,470	.SNOW210618C305	\$4.40	735	-4.35%	7.30%
4/22/2021	SNOW 100 18 JUN 21 250 CALL	2,358	2,142	\$16.10	0.45	56.07%	36.80%	\$3,819,960	.SNOW210618C250	\$15.08	5019	-6.34%	11.53%
4/22/2021	SNOW 100 (Weeklys) 28 MAY 21 220 CALL	414	35	\$20.00	0.66	50.72%	60.09%	\$943,920	.SNOW210528C220	\$20.00	204	0.00%	-54.57%
4/20/2021	SNOW 100 19 NOV 21 200 PUT	301	71	\$20.90	-0.32	49.25%	46.16%	\$662,200	.SNOW211119P200	\$16.00	381	-23.44%	2.42%
4/16/2021	SNOW 100 21 MAY 21 235 PUT	1,015	633	\$14.10	-0.5	44.22%	55.53%	\$1,431,150	.SNOW210521P235	\$8.88	1560	-37.02%	-5.34%
4/16/2021	SNOW 100 21 MAY 21 235 CALL	1,062	457	\$12.20	0.5	45.10%	44.47%	\$1,295,640	.SNOW210521C235	\$13.20	977	8.20%	-35.68%
4/16/2021	SNOW 100 (Weeklys) 28 MAY 21 230 PUT	320	4	\$13.20	-0.43	46.22%	49.59%	\$422,400	.SNOW210528P230	\$9.23	893	-30.08%	175.62%
4/15/2021	SNOW 100 (Weeklys) 28 MAY 21 225 PUT	315	8	\$10.40	-0.36	46.79%	42.14%	\$327,600	.SNOW210528P225	\$7.28	1251	-30.00%	287.31%
4/14/2021	SNOW 100 19 NOV 21 235 CALL	298	22	\$38.10	0.57	49.57%	42.23%	\$1,096,640	.SNOW211119C235	\$37.60	449	-1.31%	40.31%
4/14/2021	SNOW 100 (Weeklys) 30 APR 21 255 CALL	1,045	88	\$4.35	0.27	53.83%	23.43%	\$454,575	.SNOW210430C255	\$0.81	973	-81.38%	-14.12%
4/14/2021	SNOW 100 (Weeklys) 30 APR 21 245 CALL	1,088	178	\$8.80	0.44	54.83%	39.83%	\$979,200	.SNOW210430C245	\$2.10	2162	-76.14%	70.77%
4/14/2021	SNOW 100 (Weeklys) 23 APR 21 250 CALL	2,939	899	\$5.80	0.38	58.70%	34.43%	\$1,754,400	.SNOW210423C250	\$0.00	0	-99.66%	-44.79%
4/12/2021	SNOW 100 20 JAN 23 225 PUT	1,125	20	\$54.50	-0.35	46.70%	60.24%	\$6,153,750	.SNOW230120P225	\$50.60	1144	-7.16%	-0.9%
4/12/2021	SNOW 100 20 JAN 23 170 PUT	600	102	\$24.60	-0.21	49.52%	44.16%	\$1,476,000	.SNOW230120P170	\$27.30	703	10.98%	-1.4%
4/7/2021	SNOW 100 20 AUG 21 315 CALL	1,215	1,091	\$8.22	0.22	51.73%	13.70%	\$1,008,450	.SNOW210820C315	\$8.90	3252	8.27%	41.02%
4/5/2021	SNOW 100 21 MAY 21 385 CALL	1,186	4	\$0.80	0.04	73.26%	1.97%	\$112,670	.SNOW210521C385	\$0.55	1149	-31.25%	-3.45%
3/31/2021	SNOW 100 18 JUN 21 245 CALL	401	153	\$17.50	0.45	55.53%	35.01%	\$709,770	.SNOW210618C245	\$16.20	402	-7.43%	-27.44%
3/31/2021	SNOW 100 18 JUN 21 200 CALL	204	54	\$43.60	0.76	55.80%	66.65%	\$875,160	.SNOW210618C200	\$44.30	273	1.61%	5.81%
3/26/2021	SNOW 100 20 AUG 21 290 CALL	209	152	\$13.76	0.34	56.00%	22.00%	\$287,584	.SNOW210820C290	\$12.10	534	-12.06%	47.92%
3/26/2021	SNOW 100 20 AUG 21 280 CALL	257	119	\$17.50	0.37	56.00%	25.00%	\$449,750	.SNOW210820C280	\$14.34	339	-18.06%	-9.84%
3/24/2021	SNOW 100 21 JAN 22 440 CALL	1,061	108	\$5.00	0.12	54.78%	4.56%	\$530,500	.SNOW220121C440	\$5.00	1743	0.00%	49.10%
3/24/2021	SNOW 100 20 JAN 23 560 CALL	503	7	\$9.30	0.16	53.85%	4.27%	\$467,790	.SNOW230120C560	\$11.20	517	20.43%	1.37%
3/24/2021	SNOW 100 20 AUG 21 315 CALL	1,017	90	\$5.57	0.17	53.10%	9.66%	\$566,469	.SNOW210820C315	\$8.90	3252	59.78%	193.77%
3/24/2021	SNOW 100 20 AUG 21 250 CALL	419	180	\$14.60	0.37	54.77%	24.47%	\$611,740	.SNOW210820C250	\$21.30	478	45.89%	-20.20%
3/24/2021	SNOW 100 18 JUN 21 295 CALL	1,008	16	\$4.30	0.16	57.45%	10.04%	\$433,440	.SNOW210618C295	\$5.20	1669	20.93%	62.99%
3/24/2021	SNOW 100 18 JUN 21 265 CALL	665	170	\$7.80	0.26	55.33%	17.79%	\$518,700	.SNOW210618C265	\$11.00	612	41.03%	-26.71%
3/24/2021	SNOW 100 18 JUN 21 230 CALL	2,205	964	\$15.30	0.41	56.16%	31.10%	\$3,373,650	.SNOW210618C230	\$22.99	3179	50.26%	-3.2%
3/22/2021	SNOW 100 18 JUN 21 230 CALL	872	81	\$24.50	0.51	61.82%	39.42%	\$2,136,400	.SNOW210618C230	\$22.99	3179	-6.16%	233.58%

Potential Catalysts: Earnings Early June

Disclaimer:

Not Investment Advice or Recommendation

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