



Snowflake Bulls Target Breakout After Ambitious Investor Day Plan

Ticker/Price: SNOW (\$267)

Analysis:

Snowflake (SNOW) bullish flows continuing today with 1,000 January \$200 ITM calls bought from \$73 to \$73.70 this morning and follows recent size buys in the August \$300 calls, over 5850X, and the September \$260 calls, over 3900X. SNOW sees a lot of active weekly flows and near a flag breakout above \$275 that can run to \$315. Shares have been basing for months and now back above its 8-, 21- and 50-MA. The \$79B company trades 59.2X EV/sales with 55-60% growth and positioning for profitability in FY25. SNOW held their first investor day in June and outlined their vision for expanding product revenues to \$10B by the end of 2028, one of the fastest companies ever to scale from \$500M to that level. They also are targeting 10% operating margins, a plan that shows management's confidence in continuing to grow at an elevated rate given their disruptive platform, large enterprise backlog and pricing power. SNOW expects to continue gaining share as digitization of workloads continues which should translate into new logo growth while new product announcements should help cross-sell and up-sell activity. SNOW has long-term opportunities in areas like unstructured data as well that remain in the very earliest stages of penetration and could help them reach that long-term goal more quickly. Analysts have an average target for shares of \$275 with a Street High \$350. Deutsche Bank positive in June noting that long-term estimates look conservative as they imply SNOW captures just a small part of the \$86B data warehouse market and plenty of opportunity to expand. MSCO also noting that the guidance seems conservative given an expanding solution portfolio, large end markets, and the rapid growth seen in FY21 and expected in FY22. Short interest is 4.45%. Hedge fund ownership jumped 138% in Q1, Melvin Capital a new buyer of stock while Coatue, D1 Capital, Lone Pine, and Winslow Capital all adding as well.

Hawk Vision:



Hawk's Perspective: SNOW continues to look expensive on valuation but the long-term opportunity is huge and if they can execute well it could end up being a big bargain at these levels, alert set for a move above \$275 to see if it can gain some traction and work back towards the early 2021 high-volume area

Confidence Ranking: \$\$