

Yandex Setting up for Continuation Higher Amid Several Growth Drivers

Date: 2/27/19



Yandex (YNDX) shares are consolidating in a bull flag below \$34 after breaking a multi-month downtrend with a breakout targeting \$36.50 and then the 2018 highs near \$42. MACD has pulled back to zero and RSI is around 50 and both in healthy trends higher. YNDX has seen a number of bullish positions open recently including 7,500 April \$34 calls on 2/22 and buyers in the March \$34 and \$35 calls in size. The August \$34, \$35, and \$37 calls all have notable open interest from buys in January.

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic
2/22/2019	YNDX 100 18 APR 19 34 CALL	7,785	40	\$1.90	52.00%	0.513	36.88%	45.55%	\$1,479,150
2/22/2019	YNDX 100 17 MAY 19 31 PUT	2,500	192	\$1.58	1.94%	-0.33	39.56%	40.25%	\$395,000
2/22/2019	YNDX 100 17 MAY 19 36 CALL	2,500	750	\$1.22	28.42%	0.35	37.19%	28.81%	\$305,000
2/15/2019	YNDX 100 17 MAY 19 30 PUT	1,018	793	\$1.65	65.00%	-0.36	39.30%	43.08%	\$183,240
2/14/2019	YNDX 100 15 MAR 19 31 CALL	1,683	3,622	\$4.34	18.58%	0.79	50.39%	74.64%	\$723,690
2/14/2019	YNDX 100 15 MAR 19 34 CALL	3,000	59	\$1.80	-2.70%	0.53	46.52%	47.28%	\$540,000
2/13/2019	YNDX 100 15 MAR 19 35 CALL	4,075	1,274	\$1.40	12.00%	0.45	43.86%	40.06%	\$570,500
2/5/2019	YNDX 100 15 MAR 19 35 CALL	1,030	614	\$1.70	3.03%	0.48	42.79%	42.84%	\$180,250
2/1/2019	YNDX 100 16 AUG 19 37 CALL	2,050	31	\$2.85	78.13%	0.447	39.79%	33.49%	\$584,250
1/30/2019	YNDX 100 16 AUG 19 35 CALL	2,954	1,644	\$3.30	3.13%	0.51	41.54%	39.29%	\$1,122,520
1/30/2019	YNDX 100 16 AUG 19 34 CALL	1,500	3	\$3.50	-5.41%	0.52	41.03%	39.69%	\$525,000

The \$10.14B company trades 17X earnings, 5.2X sales, and 9.66X cash. YNDX is expecting 46% EPS growth in 2019 and 36.8% in 2020 with revenue growth of 42.5% and 20.8%. YNDX is coming off of a strong quarter with 39% revenue growth but margins for its Search business coming in light. Yandex is benefitting from market share gains in Russia, now 54%, which is driving CAC lower. The move of its e-commerce platform into a JV with Sberbank has also been a positive. The company's "Other" bets include a number of exciting platforms like their ride-hailing service, car-sharing platform, and smart speaker development. They are successfully leveraging their dominance in search and ad markets in the region to develop a bigger, less-concentrated ecosystem which will drive growth for years.



Analysts have an average target for shares of \$42 with 7 buy ratings. HSBC started coverage at Buy recently while UBS positive in October. BAML positive in late January citing strength in its Taxi business while potential for a food delivery platform. They have a \$41 PT.

Short interest is 0.8% and near multi-year lows.

Trade to Consider: Long the **YNDX** April \$34 Calls for \$1.50 or Better