



FEATURED OPTIONS RADAR REPORT



Put Sales See Value in Lagging CRM Software Co. with New Product Suite Launch

Ticker/Price: ZEN (\$125.50)

Analysis:

Zendesk (ZEN) saw its first notable options action in some time on 9/16 as 1800 January 2023 \$115 puts sold to open at \$18.60 and also saw some action buying the \$160 calls with 1500X traded and sellers of \$160 puts 800X. ZEN has 6,325 January 2023 \$165 calls in open interest from buy-writes in late 2020 and in October the \$125 calls with 1000X in OI and the \$135 calls bought 2000X on 8/31. ZEN also with a notable opening sale of 1500 January \$135 puts for \$2.28M back on 6/8. ZEN shares have been lagging in 2021 down 12% YTD but reached a key spot this week just above a 50% retracement and VWAP off the March 2020 lows. ZEN may put in a bull weekly engulfing candle this week and MACD setting up for a potential bullish crossover as well. ZEN is a leader in customer relationship management (CRM) with its software solutions that create easy, cohesive, and frictionless experiences. Its flagship product, Zendesk Support, is an easy-to-use system for tracking, prioritizing, and solving customer support tickets across multiple channels, bringing customer information and interactions into one place. Zendesk Chat is live chat and messaging software that provides a fast and responsive way to connect with customers on websites, on mobile devices, and through social messaging applications. ZEN introduced in Q1 Zendesk Suite which incorporates these two products and many more into a complete & comprehensive solution. ZEN will be hosting an Investor Day in November that can serve as a potential positive catalyst. ZEN has a market cap of \$15.5B and is trading 11.2X FY21 and 8.9X FY22 EV/Sales with revenues seen rising 27.7% this year and 25% next year while also showing strong profitability, 7%+ EBIT margins. ZEN sees a path to \$3B in revenues and is currently at \$1B. ZEN recently announced a small deal for Cleverly. Analysts have an average target of \$180 and short interest is 6.7% of the float. UBS upgraded shares to Buy in May with a \$190 target positive on Suite adoption driving a return to 30% growth. Hedge Fund ownership fell 1.85% last quarter, Whale Rock and Cadian notable concentrated top holders.

Hawk Vision:



Hawk's Perspective: ZEN has an impressive weekly candle shaping up and one that provides an easy "trade against" level, and shares look undervalued after this recent period of underperformance.

Confidence Ranking: \$\$