

## SPOTLIGHT OPTION TRADE



### Bull Put Spreads in Oversold Communications Software Co.

#### TRADE SNAPSHOT

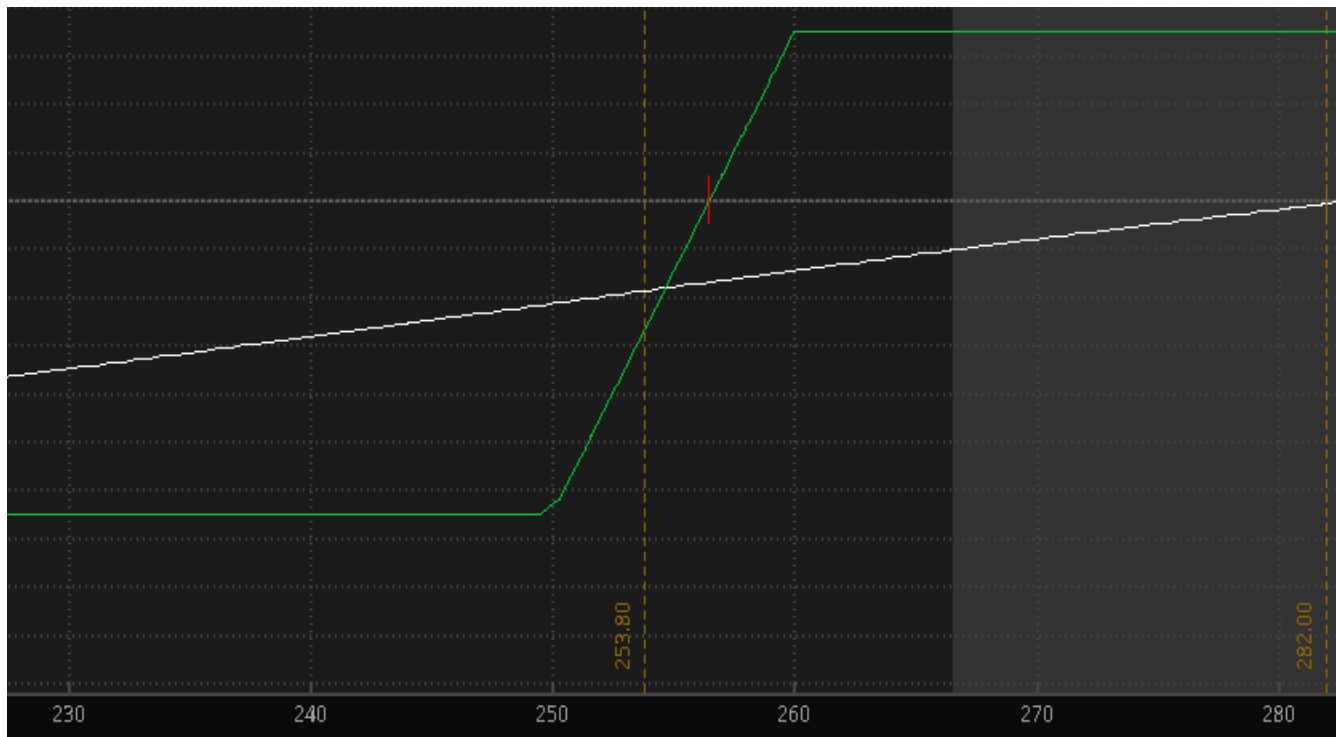
TICKER	ZM
SECURITY	Zoom Video Communications
SECTOR	Tech – Software - Communications
CURRENT PRICE	\$281.45
LONG/SHORT	Bull Bias
TARGET	> \$260
STOP	None – Defined Risk
TIMEFRAME	3 Months

**Trading Strategy:** Sell the ZM December \$260/\$250 Bull Put Spreads for \$3.50 Credit

**Net Debit/Credit:** Credit of \$3.50

**Profitability Zone:** ZM Above \$256.50 on December OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** ZM is breaking down this week and approaching its May 2021 lows but seeing shares extreme oversold with a confluence of potential key support levels. Shares are now retesting the original flag breakout from 2020 before its parabolic run while VWAP from its IPO aligns with a 61.8% Fibonacci near \$262.50 and a key volume node, so expecting shares to bottom out near here and recovery from its lower weekly Bollinger Band.



**Fundamental Analysis:** Zoom now has a market cap of \$82B and valuation is actually starting to look fairly cheap to peers as a name still seeing impressive topline growth while generating strong FCF. ZM now trades 19.5X FY22 EV/Sales with revenues seen rising 51.7% in FY22 and 19% in FY23 while also trading now just 59X Earnings and 49X FCF. The \$99B maker of collaboration software did a big \$14.7B deal for **Five-9 (FIVN)** in July, a best-in-class cloud contact center play. Zoom core products include Zoom Meetings, Zoom Phone, Zoom Chat, Zoom Rooms, Zoom Conference Room Connector, Zoom Video Webinars, Zoom Developer Platform, and Zoom App Marketplace. Zoom with the addition of Five-9 sees an \$86B combined TAM across communications software. Zoom hosted its investor day on 9-13 and has seen some bullish call buys and a large opening sale in December \$290 puts since the event. Zoom noted “Looking at additional global metrics like knowledge workers, conference rooms and desk phones, we continue to see significant opportunities for our platform. We estimate our penetration rate for all products is in the range of low single digits, leaving us a large and expanding opportunity. A few of our strategies to continue gaining market share include: focusing on the upmarket and enterprise, promoting international growth and landing and expanding by upselling our products.” Analysts have an average target of \$380 with short interest at 5% of the float. Deutsche Bank lowered its target to \$350 citing the moderating growth among small customers and higher churn risk weighing on shares even while enterprise and upmarket gain traction and profitability metrics are coming in well above expected levels. Zoom likely decided to give very conservative guidance for 2H as it faces upcoming tough comps, so the negativity appears to be priced into shares at this stage.

### Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob.ITV	Premium Paid	Symbol	Current Price	Current OI	Price Change
9/14/2021	ZM 100 21 JAN 22 330 CALL	1,029	972	\$11.71	0.3	40.78%	22.26%	\$1,204,959	.ZM220121C330			
9/14/2021	ZM 100 17 JUN 22 300 CALL	522	436	\$36.40	0.52	42.39%	37.64%	\$1,900,080	.ZM220617C300			
9/14/2021	ZM 100 17 DEC 21 310 CALL	356	293	\$15.50	0.4	42.64%	31.49%	\$551,800	.ZM211217C310			
9/13/2021	ZM 100 17 JUN 22 310 CALL	249	175	\$36.70	0.51	43.48%	36.57%	\$943,710	.ZM220617C310	\$35.00	345	-4.63%
9/13/2021	ZM 100 17 JUN 22 230 CALL	308	21	\$82.30	0.79	46.34%	66.06%	\$2,537,920	.ZM220617C230	\$80.00	171	-2.79%
9/13/2021	ZM 100 17 DEC 21 290 PUT	1,032	428	\$24.10	-0.44	42.82%	53.00%	\$2,487,120	.ZM211217P290	\$25.00	1448	3.73%
9/8/2021	ZM 100 17 JUN 22 400 CALL	681	235	\$15.40	0.27	43.37%	15.92%	\$1,062,360	.ZM220617C400	\$13.60	698	-11.69%
9/2/2021	ZM 100 17 JUN 22 210 PUT	1,000	111	\$11.40	-0.15	45.53%	26.41%	\$1,140,000	.ZM220617P210	\$10.60	1111	-7.02%
9/1/2021	ZM 100 17 DEC 21 280 CALL	6,300	67	\$36.63	0.64	44.32%	54.29%	\$22,932,000	.ZM211217C280	\$31.20	6413	-14.82%
9/1/2021	ZM 100 17 DEC 21 195 PUT	1,101	13	\$2.00	-0.054	51.35%	9.17%	\$220,200	.ZM211217P195	\$1.87	2108	-6.50%
9/1/2021	ZM 100 15 OCT 21 300 PUT	2,569	1,998	\$17.90	-0.51	38.49%	56.57%	\$4,649,890	.ZM211015P300	\$18.75	7884	4.75%
9/1/2021	ZM 100 15 OCT 21 300 CALL	2,327	1,285	\$14.00	0.48	38.82%	43.12%	\$3,281,070	.ZM211015C300	\$9.31	8940	-33.50%
8/31/2021	ZM 100 21 JAN 22 300 CALL	1,670	512	\$28.00	0.51	43.79%	40.27%	\$4,676,000	.ZM220121C300	\$24.90	2369	-11.07%
8/31/2021	ZM 100 20 JAN 23 290 PUT	2,737	2,384	\$60.01	-0.39	45.15%	59.92%	\$16,476,740	.ZM230120P290	\$54.60	4896	-9.02%
8/31/2021	ZM 100 20 JAN 23 290 CALL	821	130	\$64.86	0.61	47.22%	39.57%	\$5,385,760	.ZM230120C290	\$58.50	985	-9.81%
8/31/2021	ZM 100 17 JUN 22 300 CALL	264	43	\$43.07	0.55	45.45%	39.23%	\$1,153,680	.ZM220617C300	\$39.00	436	-9.45%
8/26/2021	ZM 100 19 NOV 21 500 CALL	1,095	1,287	\$2.50	0.07	49.52%	4.50%	\$273,750	.ZM211119C500	\$0.15	2340	-94.00%
8/26/2021	ZM 100 19 NOV 21 290 PUT	500	460	\$9.60	-0.2	47.66%	26.48%	\$490,000	.ZM211119P290	\$19.00	1631	97.92%
8/20/2021	ZM 100 17 DEC 21 350 PUT	324	166	\$42.90	-0.5	46.60%	60.99%	\$1,419,120	.ZM211217P350	\$56.62	506	31.98%
8/17/2021	ZM 100 19 NOV 21 340 CALL	412	335	\$36.20	0.57	47.53%	47.87%	\$1,483,200	.ZM211119C340	\$5.05	1939	-86.05%
8/17/2021	ZM 100 15 OCT 21 350 PUT	10,575	398	\$29.30	-0.49	48.85%	56.40%	\$30,984,750	.ZM211015P350	\$56.53	10712	92.94%
8/17/2021	ZM 100 15 OCT 21 350 CALL	10,615	125	\$25.50	0.51	49.54%	43.58%	\$27,068,250	.ZM211015C350	\$1.16	11941	-95.45%
8/16/2021	ZM 100 17 DEC 21 350 PUT	153	11	\$40.40	-0.45	48.56%	56.03%	\$612,000	.ZM211217P350	\$56.62	506	40.15%
8/13/2021	ZM 100 15 OCT 21 400 CALL	517	356	\$12.40	0.311	48.47%	24.40%	\$641,080	.ZM211015C400	\$0.22	2652	-98.23%
8/12/2021	ZM 100 15 OCT 21 350 PUT	417	144	\$24.75	-0.39	49.11%	47.19%	\$979,950	.ZM211015P350	\$56.53	10712	128.40%
8/11/2021	ZM 100 15 OCT 21 340 PUT	518	35	\$20.60	-0.36	49.33%	44.13%	\$1,082,620	.ZM211015P340	\$46.32	875	124.85%
8/6/2021	ZM 100 19 NOV 21 580 CALL	762	291	\$3.90	0.09	50.18%	5.09%	\$297,180	.ZM211119C580	\$0.10	839	-97.44%
8/6/2021	ZM 100 19 NOV 21 540 CALL	423	124	\$5.80	0.13	49.24%	8.19%	\$262,260	.ZM211119C540	\$0.14	426	-97.59%
8/5/2021	ZM 100 21 JAN 22 410 CALL	518	294	\$47.68	0.53	48.39%	40.15%	\$2,481,220	.ZM220121C410	\$4.40	899	-90.77%
8/5/2021	ZM 100 15 OCT 21 410 CALL	237	70	\$29.60	0.49	49.51%	40.60%	\$722,850	.ZM211015C410	\$0.20	1339	-99.32%
8/4/2021	ZM 100 18 FEB 22 520 CALL	224	14	\$15.60	0.25	45.40%	15.41%	\$349,440	.ZM220218C520	\$1.50	203	-90.38%
8/4/2021	ZM 100 17 JUN 22 340 PUT	600	292	\$39.93	-0.28	47.87%	44.37%	\$2,466,000	.ZM220617P340	\$70.74	1076	77.16%

### Potential Catalysts: Earnings Late November

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

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