

## CrowdStrike Holdings Inc.

## Another strong quarter of outperformance

Reiterate Rating: BUY | PO: 400.00 USD | Price: 297.56 USD

## Strong results across the board; raise PO to \$400

Strong 4Q24 results with net new ARR of \$282mn significantly beating the Street's \$241mn and revenues of \$845mn vs. consensus' \$840mn. The outperformance was largely driven by strong deal flow across end-markets and solid cross-selling beyond core EDR. Management also provided impressive 1Q24/FY25 guidance for revenues of \$904mn/\$3.96bn, vs. Street's \$899mn/3.94bn, and EPS of 90c/\$3.87, vs. 82c/\$3.76, respectively. As sales cycles normalize and deal sizes continue to improve, we believe these guidance targets could ultimately prove conservative over the next few quarters. Management also raised its FY25E FCF margin target to 32% at the midpoint, vs. prior 31%. We remain positive on CrowdStrike's long-term growth opportunity and market leadership across endpoint security. We reiterate our Buy, increase our estimates, and raise our PO to \$400 from \$365, based on 19x FY26E EV/Sales vs 17x previously to reflect CrowdStrike's strong growth runway over the next 12 months.

## Cross-selling success continues to drive growth

Total revenues increased 33% YoY to \$845mn in 4Q, beating consensus' \$840mn, with 33% YoY growth in subscription revenue. Total ARR also impressed, growing 34% YoY to \$3.43bn, above Street's expectations of 33%. In our view, CrowdStrike continues to demonstrate its wide moat beyond core EDR, as the cloud security, LogScale (SIEM), and identity protection solutions accounted for ~25% of ending ARR in 4Q. In particular, CrowdStrike saw another quarter of robust cross-selling momentum, which drove 5+/6+/7+ module adoption to reach 64%/43%/27% of total subscription customers, up from 63%/42%/26% last quarter. Given the company's platform focus with add-on modules, CrowdStrike's single-agent approach remains a unique competitive advantage within the relatively fragmented endpoint security market.

## Strong growth with AWS; Possible S&amp;P inclusion on radar

Management also noted that its business on the AWS marketplace continues to accelerate at scale and reached +\$1bn in total sales this quarter. We believe that the AWS marketplace remains a potentially easier GTM strategy and should continue to support CrowdStrike's focus on expanding its business through resellers. Lastly, 4Q was the company's fourth consecutive quarter of positive GAAP earnings, meaning that the CrowdStrike could potentially be eligible for S&P 500 inclusion as early as C1Q24.

Estimates (Jan) (US\$)	2023A	2024A	2025E	2026E	2027E
EPS	1.54	3.09	3.88	4.62	5.51
GAAP EPS	(0.79)	0.38	1.03	1.13	1.26
EPS Change (YoY)	129.9%	100.6%	25.6%	19.1%	19.3%
Consensus EPS (Bloomberg)			3.76	4.73	NA
DPS	0	0	0	0	0
Valuation (Jan)					
P/E	193.2x	96.3x	76.7x	64.4x	54.0x
GAAP P/E	NM	783.1x	288.9x	263.3x	236.2x
EV / EBITDA*	103.9x	61.7x	64.0x	53.1x	30.4x
Free Cash Flow Yield*	1.0%	1.4%	1.9%	2.4%	3.0%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

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## Equity

## Key Changes

(US\$)	Previous	Current
Price Obj.	365.00	400.00

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## Stock Data

Price	297.56 USD
Price Objective	400.00 USD
Date Established	6-Mar-2024
Investment Opinion	C-1-9
52-Week Range	115.67 USD - 338.45 USD
Mkt Val (mn) / Shares Out (mn)	67,733 USD / 227.6
Free Float	98.3%
Average Daily Value (mn)	1044.94 USD
BofA Ticker / Exchange	CRWD / NAS
Bloomberg / Reuters	CRWD US / CRWD.OQ
ROE (2025E)	34.2%
Net Dbt to Eqty (Jan-2024A)	-112.6%
ESGMeter™	Medium

**ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".**

ARR: annual recurring revenue

EDR: Endpoint Detection &amp; Response

AWS: Amazon Web Services

GTM: Go-to-market

# iQprofile<sup>SM</sup> CrowdStrike Holdings Inc.

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Return on Capital Employed	12.5%	17.3%	17.7%	17.9%	16.3%
Return on Equity	29.2%	39.3%	34.2%	29.6%	26.7%
Operating Margin	15.9%	21.6%	22.4%	23.9%	25.6%
Free Cash Flow	677	940	1,266	1,613	2,013

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	2.6x	1.6x	1.6x	1.7x	1.8x
Asset Replacement Ratio	1.0x	0.6x	2.3x	2.5x	2.4x
Tax Rate	8.8%	6.2%	14.2%	19.3%	27.4%
Net Debt-to-Equity Ratio	-115.3%	-112.6%	-118.1%	-123.9%	-129.4%
Interest Cover	NA	NA	NA	NA	NA

## Income Statement Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Sales	2,241	3,056	3,961	4,979	6,024
% Change	54.4%	36.3%	29.6%	25.7%	21.0%
Gross Profit	1,702	2,382	3,105	3,931	4,777
% Change	53.1%	40.0%	30.4%	26.6%	21.5%
EBITDA	620	1,044	1,008	1,214	2,123
% Change	66.8%	68.4%	-3.5%	20.4%	74.9%
Net Interest & Other Income	(29)	(39)	(110)	(192)	(332)
<b>Net Income (Adjusted)</b>	<b>368</b>	<b>752</b>	<b>963</b>	<b>1,147</b>	<b>1,368</b>
<b>% Change</b>	<b>129.3%</b>	<b>104.1%</b>	<b>28.1%</b>	<b>19.2%</b>	<b>19.3%</b>

## Free Cash Flow Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Net Income from Cont Operations (GAAP)	(183)	89	255	297	351
Depreciation & Amortization	265	384	121	137	172
Change in Working Capital	332	61	465	672	888
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	527	632	708	851	1,017
Capital Expenditure	(264)	(226)	(282)	(344)	(416)
<b>Free Cash Flow</b>	<b>677</b>	<b>940</b>	<b>1,266</b>	<b>1,613</b>	<b>2,013</b>
<b>% Change</b>	<b>53.2%</b>	<b>38.9%</b>	<b>34.6%</b>	<b>27.4%</b>	<b>24.8%</b>
Share / Issue Repurchase	66	85	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

## Balance Sheet Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash & Equivalents	2,455	3,375	4,641	6,254	8,267
Trade Receivables	626	853	647	596	953
Other Current Assets	559	529	795	1,029	1,429
Property, Plant & Equipment	492	620	782	988	1,232
Other Non-Current Assets	894	1,269	1,634	2,397	3,003
<b>Total Assets</b>	<b>5,027</b>	<b>6,647</b>	<b>8,500</b>	<b>11,264</b>	<b>14,883</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	2,109	2,697	3,833	5,214	7,151
Long-Term Debt	741	742	742	742	742
Other Non-Current Liabilities	689	870	625	860	1,175
<b>Total Liabilities</b>	<b>3,539</b>	<b>4,309</b>	<b>5,200</b>	<b>6,817</b>	<b>9,068</b>
<b>Total Equity</b>	<b>1,487</b>	<b>2,337</b>	<b>3,300</b>	<b>4,447</b>	<b>5,816</b>
<b>Total Equity &amp; Liabilities</b>	<b>5,027</b>	<b>6,647</b>	<b>8,500</b>	<b>11,264</b>	<b>14,883</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Cyber Security

## Company Description

CrowdStrike is a leader in the Endpoint Protection Platform (EPP) market. EPP solutions help protect enterprises' internet-connected devices from cyber attacks, and there is a market shift from signature-based on-prem solutions to cloud-based platforms using AI and machine learning. CrowdStrike's platform is one of the few 100% cloud-based architectures and is uniquely positioned to displace incumbents with its platform breadth, including advanced detection and remediation capabilities.

## Investment Rationale

We believe that CrowdStrike is positioned to gain share in the Endpoint Protection Platform market and expand into other areas of security over time with its scalable cloud-native, next-generation endpoint platform. We favor CrowdStrike's best-in-class subscription growth and net retention rates and expect the company's Software as a Service (SaaS) model and new offerings to deliver sustainable high growth as the company invests to gain market share.

## Stock Data

Average Daily Volume 3,511,705

## Quarterly Earnings Estimates

	2024	2025
Q1	0.57A	0.90E
Q2	0.74A	0.92E
Q3	0.82A	0.98E
Q4	0.95A	1.09E

# Financial highlights

## Exhibit 1: Actual versus estimated results

CrowdStrike's 4Q24 results came in above our expectations across the board

	4Q23	1Q24	2Q24	3Q24	4Q24	Estimated	Delta	QoQ	YoY
<b>Actual vs Estimated</b>									
ARR	2,558,400	2,732,600	2,928,800	3,151,900	3,433,800	3,399,186	34,614	8.9%	34.2%
Subscription Revenue	598,263	651,175	689,972	733,463	795,947	783,257	12,690	8.5%	33.0%
Professional Services	39,104	41,405	41,654	52,551	49,388	56,755	(7,367)	-6.0%	26.3%
<b>Total Revenue</b>	<b>637,367</b>	<b>692,580</b>	<b>731,626</b>	<b>786,014</b>	<b>845,335</b>	<b>840,012</b>	<b>5,323</b>	<b>7.5%</b>	<b>32.6%</b>
YoY growth	47.9%	42.0%	36.7%	35.3%	32.6%	32%			
Subscription Gross Profit	462,542	521,621	550,379	588,690	638,568	626,606	11,962	8.5%	38.1%
Professional Services Gross Profit	18,022	18,905	17,788	23,022	22,607	24,972	(2,365)	-1.8%	25.4%
<b>Gross profits</b>	<b>480,564</b>	<b>540,526</b>	<b>568,167</b>	<b>611,712</b>	<b>661,175</b>	<b>651,578</b>	<b>9,597</b>	<b>8.1%</b>	<b>37.6%</b>
S&M	203,073	244,834	230,996	243,204	243,547	267,524	(23,977)	0.1%	19.9%
R&D	137,481	134,312	132,364	142,871	151,775	147,157	4,618	6.2%	10.4%
G&A	44,459	45,501	49,155	49,984	52,742	48,984	3,758	5.5%	18.6%
Total OPEX	385,013	424,647	412,515	436,059	448,064	463,666	(15,602)	2.8%	16.4%
<b>Operating Income</b>	<b>95,551</b>	<b>115,879</b>	<b>155,652</b>	<b>175,653</b>	<b>213,111</b>	<b>187,912</b>	<b>25,199</b>	<b>21.3%</b>	<b>123.0%</b>
Total Non-Operating Expenses	11,666	4,409	4,611	9,603	20,031	10,659	9,372	108.6%	71.7%
Interest Income / Other Income	27,683	24,890	28,947	33,150	43,126	23,205	19,921	30.1%	55.8%
Net profit/loss	111,568	136,360	179,988	199,200	236,206	200,458	35,748	18.6%	111.7%
Shares outstanding (diluted)	239.5	240.6	242.1	243.8	247.9	245.0	2.9	1.7%	3.5%
<b>EPS (Diluted)</b>	<b>0.47</b>	<b>0.57</b>	<b>0.74</b>	<b>0.82</b>	<b>0.95</b>	<b>0.82</b>	<b>0.13</b>	<b>16.6%</b>	<b>104.5%</b>
Margin analysis									
Subscription Gross Margin	77.3%	80.1%	79.8%	80.3%	80.2%	80.0%	23bps	3bps	-291bps
Professional Services Gross Margin	46.1%	45.7%	42.7%	43.8%	45.8%	44.0%	177bps	-197bps	31bps
<b>Gross margin</b>	<b>75.4%</b>	<b>78.0%</b>	<b>77.7%</b>	<b>77.8%</b>	<b>78.2%</b>	<b>77.6%</b>	<b>65bps</b>	<b>-39bps</b>	<b>-282bps</b>
<b>Operating Margin</b>	<b>15.0%</b>	<b>16.7%</b>	<b>21.3%</b>	<b>22.3%</b>	<b>25.2%</b>	<b>22.4%</b>	<b>284bps</b>	<b>-286bps</b>	<b>-1022bps</b>
Net margin	17.5%	19.7%	24.6%	25.3%	27.9%	23.9%	408bps	-260bps	-1044bps

Source: BofA Global Research estimates, company report

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## Exhibit 2: Summary of model changes

We tweak up our annual estimates to reflect 4Q results and management's latest guidance targets

	Sales			EPS			Gross Margin			Operating Margin		
	Old	New	Delta	Old	New	Delta	Old	New	Delta	Old	New	Delta
<b>FY24</b>												
Q1	692,580	692,580	0.0	0.57	0.57	0.00	78.0%	78.0%	0.0%	16.7%	16.7%	0.0%
Q2	731,626	731,626	0.0	0.74	0.74	0.00	77.7%	77.7%	0.0%	21.3%	21.3%	0.0%
Q3	786,014	786,014	0.0	0.82	0.82	0.00	77.8%	77.8%	0.0%	22.3%	22.3%	0.0%
Q4	840,012	845,335	5,322.5	0.82	0.95	0.13	77.6%	78.2%	0.6%	22.4%	25.2%	2.8%
<b>Total</b>	<b>3,050,232</b>	<b>3,055,555</b>	<b>5,322.5</b>	<b>2.95</b>	<b>3.09</b>	<b>0.14</b>	<b>77.8%</b>	<b>77.9%</b>	<b>0.2%</b>	<b>20.8%</b>	<b>21.6%</b>	<b>0.8%</b>
<b>FY25</b>												
Q1E	907,850	904,850	(3,000.7)	0.80	0.90	0.10	77.9%	78.3%	0.3%	20.4%	21.0%	0.7%
Q2E	953,364	952,031	(1,333.0)	0.84	0.92	0.08	78.1%	78.4%	0.3%	20.7%	21.5%	0.8%
Q3E	1,013,066	1,014,787	1,720.9	0.89	0.98	0.08	78.1%	78.4%	0.3%	21.3%	22.5%	1.2%
Q4E	1,082,960	1,089,560	6,600.6	1.01	1.09	0.08	78.1%	78.4%	0.3%	22.8%	24.2%	1.4%
<b>Total</b>	<b>3,957,240</b>	<b>3,961,228</b>	<b>3,987.8</b>	<b>3.55</b>	<b>3.88</b>	<b>0.33</b>	<b>78.1%</b>	<b>78.4%</b>	<b>0.3%</b>	<b>21.4%</b>	<b>22.4%</b>	<b>1.1%</b>
<b>FY26</b>												
Q1E	1,147,077	1,152,712	5,635.5	1.01	1.08	0.07	78.5%	78.9%	0.3%	21.8%	23.3%	1.4%
Q2E	1,195,823	1,198,821	2,998.0	1.05	1.09	0.05	78.7%	79.0%	0.3%	22.0%	23.2%	1.3%
Q3E	1,271,038	1,273,117	2,078.8	1.15	1.19	0.03	78.7%	79.0%	0.3%	23.0%	24.2%	1.3%
Q4E	1,355,798	1,354,018	(1,780.2)	1.25	1.26	0.01	78.7%	79.0%	0.3%	23.6%	24.8%	1.1%
<b>Total</b>	<b>4,969,735</b>	<b>4,978,667</b>	<b>8,932.1</b>	<b>4.47</b>	<b>4.62</b>	<b>0.16</b>	<b>78.6%</b>	<b>79.0%</b>	<b>0.3%</b>	<b>22.6%</b>	<b>23.9%</b>	<b>1.3%</b>

Source: BofA Global Research estimates, company report

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**Exhibit 3: Income statement**

We model FY25E revenues/EPS to reach \$3.96bn/\$3.88, respectively

(\$k except EPS)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E	FY23	FY24	FY25E
<b>Annual Recurring Revenue (ARR)</b>	<b>1,920,500</b>	<b>2,138,600</b>	<b>2,336,700</b>	<b>2,558,400</b>	<b>2,732,600</b>	<b>2,928,800</b>	<b>3,151,900</b>	<b>3,433,800</b>	<b>3,629,598</b>	<b>3,840,225</b>	<b>4,087,824</b>	<b>4,375,006</b>	<b>2,558,400</b>	<b>3,433,800</b>	<b>4,375,006</b>
Subscription Revenue	459,822	506,199	547,376	598,263	651,175	689,972	733,463	795,947	854,770	902,453	962,580	1,033,595	2,111,660	2,870,557	3,753,399
Professional Services Revenue	28,012	28,954	33,506	39,104	41,405	41,654	52,551	49,388	50,079	49,579	52,206	55,965	129,576	184,998	207,830
<b>Total revenue</b>	<b>487,834</b>	<b>535,153</b>	<b>580,882</b>	<b>637,367</b>	<b>692,580</b>	<b>731,626</b>	<b>786,014</b>	<b>845,335</b>	<b>904,850</b>	<b>952,031</b>	<b>1,014,787</b>	<b>1,089,560</b>	<b>2,241,236</b>	<b>3,055,555</b>	<b>3,961,228</b>
YoY%Chg	61.1%	58.5%	52.8%	47.9%	42.0%	36.7%	35.3%	32.6%	30.6%	30.1%	29.1%	28.9%	54.4%	36.3%	29.6%
<b>Total gross profit</b>	<b>374,006</b>	<b>408,786</b>	<b>438,339</b>	<b>480,564</b>	<b>540,526</b>	<b>568,167</b>	<b>611,712</b>	<b>661,175</b>	<b>708,122</b>	<b>746,306</b>	<b>795,760</b>	<b>854,430</b>	<b>1,701,695</b>	<b>2,381,580</b>	<b>3,104,618</b>
Gross margin	76.7%	76.4%	75.5%	75.4%	78.0%	77.7%	77.8%	78.2%	78.3%	78.4%	78.4%	78.4%	75.9%	77.9%	78.4%
Sales & Marketing	166,173	183,551	197,136	203,073	244,834	230,996	243,204	243,547	287,385	301,755	313,825	326,378	749,933	962,581	1,229,343
Research & Development	89,363	97,821	108,988	137,481	134,312	132,364	142,871	151,775	173,350	182,017	194,759	204,496	433,653	561,322	754,622
General & Administrative	35,470	40,067	42,491	44,459	45,501	49,155	49,984	52,742	56,961	57,816	58,972	59,562	162,487	197,382	233,311
<b>Operating Income / (Loss)</b>	<b>291,006</b>	<b>321,439</b>	<b>348,615</b>	<b>385,013</b>	<b>424,647</b>	<b>412,515</b>	<b>436,059</b>	<b>448,064</b>	<b>517,697</b>	<b>541,588</b>	<b>567,556</b>	<b>590,436</b>	<b>1,346,073</b>	<b>1,721,285</b>	<b>2,217,276</b>
Operating margin	17.0%	16.3%	15.4%	15.0%	16.7%	21.3%	22.3%	25.2%	21.0%	21.5%	22.5%	24.2%	15.9%	21.6%	22.4%
<b>Net Income</b>	<b>74,792</b>	<b>85,944</b>	<b>96,069</b>	<b>111,568</b>	<b>136,360</b>	<b>179,988</b>	<b>199,200</b>	<b>236,206</b>	<b>222,299</b>	<b>227,896</b>	<b>242,729</b>	<b>269,781</b>	<b>368,373</b>	<b>751,754</b>	<b>962,705</b>
<b>Non-GAAP EPS</b>	<b>0.31</b>	<b>0.36</b>	<b>0.40</b>	<b>0.47</b>	<b>0.57</b>	<b>0.74</b>	<b>0.82</b>	<b>0.95</b>	<b>0.90</b>	<b>0.92</b>	<b>0.98</b>	<b>1.09</b>	<b>1.54</b>	<b>3.09</b>	<b>3.88</b>
<b>GAAP EPS</b>	<b>(0.14)</b>	<b>(0.21)</b>	<b>(0.24)</b>	<b>(0.20)</b>	<b>0.00</b>	<b>0.03</b>	<b>0.11</b>	<b>0.22</b>	<b>0.25</b>	<b>0.21</b>	<b>0.23</b>	<b>0.30</b>	<b>(0.79)</b>	<b>0.38</b>	<b>1.03</b>
Total share count	238.65	238.73	239.50	239.50	240.60	242.14	243.80	247.94	247.96	247.99	248.01	248.04	239.10	243.62	248.00
Net Cash from Operating Activities	<b>214,957</b>	<b>209,906</b>	<b>242,851</b>	<b>273,293</b>	<b>300,892</b>	<b>244,777</b>	<b>273,522</b>	<b>347,016</b>	<b>367,592</b>	<b>314,130</b>	<b>412,927</b>	<b>453,428</b>	<b>941,007</b>	<b>1,166,207</b>	<b>1,548,077</b>
Free cash flow	<b>157,532</b>	<b>135,757</b>	<b>174,077</b>	<b>209,527</b>	<b>227,726</b>	<b>189,287</b>	<b>239,628</b>	<b>283,580</b>	<b>296,206</b>	<b>248,479</b>	<b>342,936</b>	<b>378,278</b>	<b>676,893</b>	<b>940,221</b>	<b>1,265,899</b>
FCF Margin	32.3%	25.4%	30.0%	32.9%	32.9%	25.9%	30.5%	33.5%	32.7%	26.1%	33.8%	34.7%	30.2%	30.8%	32.0%
Cash & Cash Equivalents	2,152,736	2,164,291	2,144,297	2,456,924	2,831,565	3,169,112	2,971,357	3,377,597	3,671,275	3,919,754	4,262,690	4,640,968	2,455,369	3,375,069	4,640,968
Total debt	739,889	740,261	740,633	741,005	741,377	741,750	742,122	742,494	742,494	742,494	742,494	742,494	741,005	742,494	742,494
Net cash	(566,102)	(746,598)	(987,514)	(1,082,182)	(671,934)	(481,246)	(798,852)	(931,834)	(655,685)	(576,990)	(564,704)	(558,895)	1,714,364	2,632,575	3,898,474
<b>Margin Analysis</b>															
Subscription Gross Margin	78.7%	78.4%	77.6%	77.3%	80.1%	79.8%	80.3%	80.2%	80.5%	80.5%	80.5%	80.5%	77.9%	80.1%	80.5%
Professional Services Gross Margin	43.3%	41.4%	40.6%	46.1%	45.7%	42.7%	43.8%	45.8%	40.0%	40.0%	40.0%	40.0%	43.0%	44.5%	40.0%
Total Gross Margin	76.7%	76.4%	75.5%	75.4%	78.0%	77.7%	77.8%	78.2%	78.3%	78.4%	78.4%	78.4%	75.9%	77.9%	78.4%
Sales & Marketing	34.1%	34.3%	33.9%	31.9%	35.4%	31.6%	30.9%	28.8%	31.8%	31.7%	30.9%	30.0%	33.5%	31.5%	31.0%
Research & Development	18.3%	18.3%	18.8%	21.6%	19.4%	18.1%	18.2%	18.0%	19.2%	19.1%	19.2%	18.8%	19.3%	18.4%	19.1%
General & Administrative	7.3%	7.5%	7.3%	7.0%	6.6%	6.7%	6.4%	6.2%	6.3%	6.1%	5.8%	5.5%	7.2%	6.5%	5.9%
<b>Operating Margin</b>	<b>17.0%</b>	<b>16.3%</b>	<b>15.4%</b>	<b>15.0%</b>	<b>16.7%</b>	<b>21.3%</b>	<b>22.3%</b>	<b>25.2%</b>	<b>21.0%</b>	<b>21.5%</b>	<b>22.5%</b>	<b>24.2%</b>	<b>15.9%</b>	<b>21.6%</b>	<b>22.4%</b>
Net Income	15.3%	16.1%	16.5%	17.5%	19.7%	24.6%	25.3%	27.9%	24.6%	23.9%	23.9%	24.8%			
<b>YoY Growth</b>															
Total Revenue	61.1%	58.5%	52.8%	47.9%	42.0%	36.7%	35.3%	32.6%	30.6%	30.1%	29.1%	28.9%	54.4%	36.3%	29.6%
Total Operating Expenses	43.4%	44.5%	45.9%	53.5%	45.9%	28.3%	25.1%	16.4%	21.9%	31.3%	30.2%	31.8%	47.1%	27.9%	28.8%
Operating Income	178.7%	147.5%	76.9%	18.9%	39.6%	78.2%	95.8%	123.0%	64.3%	31.5%	29.9%	23.9%	81.3%	85.7%	34.4%
Net Income	221.4%	231.5%	134.0%	58.5%	82.3%	109.4%	107.4%	111.7%	63.0%	26.6%	21.9%	14.2%	129.3%	104.1%	28.1%
<b>QoQ Growth</b>															
Total revenue	13.2%	9.7%	8.5%	9.7%	8.7%	5.6%	7.4%	7.5%	7.0%	5.2%	6.6%	7.4%			
Total Operating expenses	4.9%	16.0%	10.5%	8.5%	10.4%	10.3%	-2.9%	5.7%	2.8%	15.5%	4.6%	4.8%			
Operating Income	3.2%	5.2%	2.7%	6.5%	21.3%	34.3%	12.8%	21.3%	-10.6%	7.5%	11.5%	15.7%			
Net Income	6.2%	14.9%	11.8%	16.1%	22.2%	32.0%	10.7%	18.6%	-5.9%	2.5%	6.5%	11.1%			

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH



## Price objective basis & risk

### CrowdStrike Holdings Inc. (CRWD)

Our PO of \$400 is based on roughly 19x our CY26E EV/Sales, which is a premium to high-growth SaaS peers that trade closer to 13x. Our premium valuation is supported by CrowdStrike's strong competitive positioning in endpoint security and long-term growth opportunities across Cloud security, log management, and identity protection. In addition, we note CrowdStrike's higher growth profile and potential to take meaningful share in new markets that would increase TAM and potentially accelerate growth. The positives of CrowdStrike's high growth and long-term opportunities are somewhat offset by lower margins and expected growth deceleration.

Downside risks to our PO are 1) investor sentiment and sensitivity to the premium valuation levels, 2) a lower take-rate of new offerings, 3) potential slowdown in new customer adoption and expansion deals, 4) risk of security breaches, and 5) an increase in competition from incumbent vendors and newer next-generation players.

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I, Tal Liani, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Telecom and Data Networking Equipment Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Akamai	AKAM	AKAM US	Madeline Brooks
	Amdocs	DOX	DOX US	Tal Liani
	Arista Networks	ANET	ANET US	Tal Liani
	Cellebrite	CLBT	CLBT US	Tomer Zilberman
	Check Point Software Technologies	CHKP	CHKP US	Tal Liani
	Ciena	CIEN	CIEN US	Tal Liani
	CrowdStrike Holdings Inc.	CRWD	CRWD US	Tal Liani
	CyberArk	CYBR	CYBR US	Tal Liani
	Fastly	FSLY	FSLY US	Madeline Brooks
	Fortinet	FTNT	FTNT US	Tal Liani
	Gen Digital, Inc.	GEN	GEN US	Jonathan Eisenson
	InterDigital, Inc.	IDCC	IDCC US	Tal Liani
	Motorola Solutions	MSI	MSI US	Tomer Zilberman
	Okta Inc	OKTA	OKTA US	Madeline Brooks
	Qualcomm	QCOM	QCOM US	Tal Liani
	SentinelOne, Inc.	S	S US	Tal Liani
	Zscaler	ZS	ZS US	Tal Liani
<b>NEUTRAL</b>				
	Cisco Systems	CSCO	CSCO US	Tal Liani
	Palo Alto Networks	PANW	PANW US	Tal Liani
<b>UNDERPERFORM</b>				
	Cloudflare	NET	NET US	Madeline Brooks
	CommScope	COMM	COMM US	Tal Liani
	F5 Inc	FFIV	FFIV US	Tal Liani
	SecureWorks	SCWX	SCWX US	Tal Liani



## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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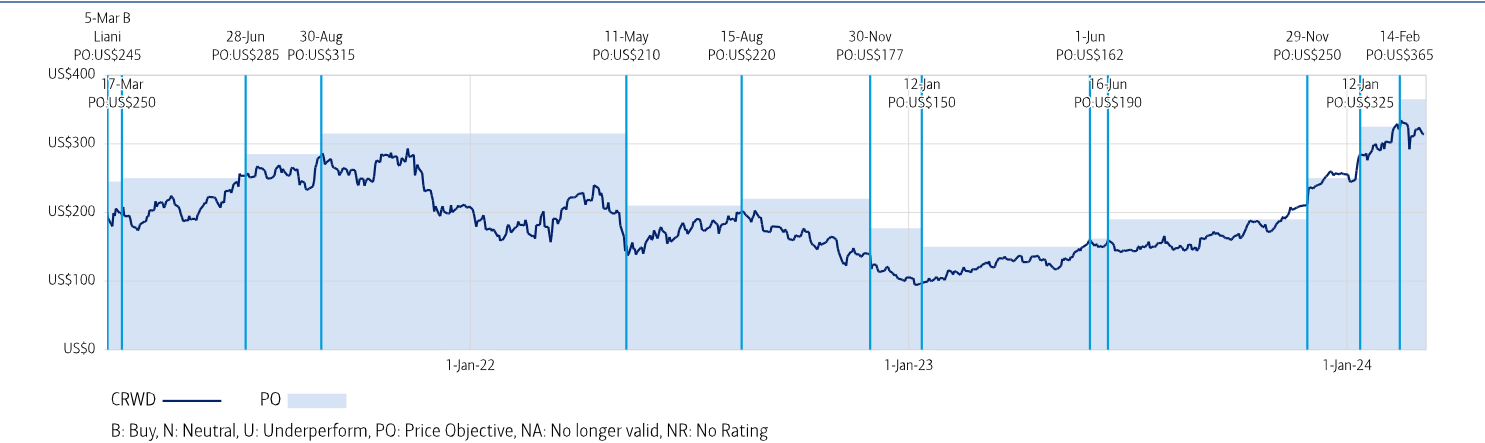
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## Important Disclosures

CrowdStrike (CRWD) Price Chart



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Equity Investment Rating Distribution: Telecommunications Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	57	51.82%	Buy	43	75.44%
Hold	27	24.55%	Hold	17	62.96%
Sell	26	23.64%	Sell	12	46.15%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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