**Trade Idea Template**

**Quantitative Analysis (Annual) - LONG**

**Shares Outstanding = 110,532,577**

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| ZEN US | 2017 | 2018 | 2019 | 2020 | 2021 |
| Stock Price $ | 34 | 58 | 76 | 136.80 (PT2) | 166.69 (PT3) |
| Market Cap $M | 3,758 | 6,410 | 8,400 | 15,120 (E) | 18,424 |
| EPS | -0.13 | 0.21 | 0.317 | 0.572 (E) | 0.697 (E) |
| Earnings Growth % | 69 | 100 | 51 | 80 (E) | 22 (E) |
| Price/Earnings | N/A | 276 | 239 | 239 | 239 |
| PEG | N/A | 2.76 | 4.68 | 2.98 (E) | 10.86 (E) |
| Sales $M | 430 | 598 | 814 | 1,100 (E) | 1,258 (E) |
| Sales Growth % | 37.8 | 39 | 36 | 35 (E) | 14.3 (E) |
| Sales Multiple | 8.74 | 10.71 | 10.31 | 13.74 | 14.64 |
| Net Income (GAAP) $ | -106 | -137 | -169.7 | N/A | 86 |

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| **Comments on Annual Quantitative Analysis**  End 2020 Price Target using same PE as 2019 = $76 X 1.8 = $136.80 (PT2)  End 2020 Price Target using same Sales Multiple as 2019 = $102.60 (PT1)  In 2019 ZEN books a GAAP loss and non-GAAP profit. Revenue Growth story. 2019 GAAP loss at  -169.7mln, non-GAAP profit at 36.8mln - Difference due to share based compensation and related expenses. |

**Quantitative Analysis (Sector Comps)**

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| ZEN US | PE1 | EG1(2020) | EG2(2021) | PEG1 | Market Cap’ |
| Stock A |  |  |  |  |  |
| Stock B |  |  |  |  |  |
| Stock C |  |  |  |  |  |
| Stock D |  |  |  |  |  |
| Stock E |  |  |  |  |  |
| Stock F |  |  |  |  |  |
| Stock G |  |  |  |  |  |
| Stock H |  |  |  |  |  |
| Averages |  |  |  |  |  |
| ZEN |  |  |  |  |  |

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| **Comments on Quantitative Analysis Sector Comparison**  <document whether the stock is a quantitative outlier or not>  Include any Sector drivers that will provide tailwind or headwind to the fundamentals.  <include the single stock volatility versus the rest of sector> How much do you expect this stock to move in our chosen time frame for a trade of 1-3 months? How much do you expect other stocks to move? |
| **Comments on Business**  B2B Customer Support Software (SAAS) (CRM)  “The Suite” Omnichannel customer help desk, 200,000 businesses registered, Pricing per Professional or Enterprise <https://www.zendesk.com/suite/pricing/#pricing> |
| **KPI’s driving Revenue and Earnings**  Free Cash flow – crucial to operating performance, official 2020 estimate $35mln-$45mln  Annual Unique Requesters 5X increase since 2014 – % target for 2020?  Annual solved Tickets 5X increase since 2014 - % target for 2020?  Self Service “Knowledge Base” 13X increase since 2014 - % target for 2020?  Non-GAAP gross margin 2016=74%, 2017=74%, 2018= 73%  Non-GAAP S&M costs fallen 10 points since 2014, Non-GAAP General and Admin costs have fallen 7 points since 2014 - % target for 2020?  Product innovation drives ARR  Remaining Performance Obligations (RPO) almost doubling YoY  Geographic Sales Split = U.S. 52% & outside U.S. 48%. Growth = U.S. +39%, outside U.S. 41% |

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| **Earnings Announcements**  <insert here all the main expectations for the upcoming Quarterly Earnings and the Annual numbers i.e., guidance and expectations from Analysts (consensus ranges) and Means. |

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| **Catalysts excluding Earnings**  <check number of press releases in last 1-2 years to see how communicative the company is with the market in between earnings releases and check which headlines moved the price and count them> trends of communication create volatility. Include what the risks are to the trade. |

<Insert choice of Technical’s and Price Action charts for timing and check short interest for path of least resistance.>

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| **What is your choice of trade structure and why? Include time horizon for trade.**  July $80-$100 Bull Call Spread (Vertical)  Buy 16X July $80 Strike Calls for $5.27 = $5.27 X 16 X 100 = $8,432 Debit  Sell 16X July $100 Strike Calls for $1.15 = $1.15 X 16 X 100 = $1,840 Credit  Net Debit of $1,840 - $6,832 = -$6,592  Gross; -  $20 X 16 X 100 = $32,000  Net; -  $32,000 - $6,592 = $25,408  ROI  $25,408 / $6,592 = 3.85 - 1 |