ZEN Data Source:

Beta (βL):

TEV

Price Target: \$159 \$165 / \$130 / \$100 Consensus: 52-wk H/L: \$139.17 / \$50.23

Credit Rating: 0 Credit Date: 1/0/1900 Credit Watch: 0 10yr US T-bill: 0.92%

Div. Yield: 0.00% Div. Ex-Date: TBD ST Int. Ratio: 0.08 Implied Vol.: .% / .% SharpeRatio: 0.63

Information Technology Sector: Industry: Application Software Industry ID: IQ2671274 Employees: 3.980 Next Earnings: 2/4/2021

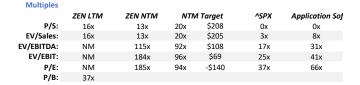


Company Description

Zendesk, Inc., a software development company, provides software as a service solutions for organizations in North America, Latin America, Europe, the Middle East, Africa, Australia, and the Asia Pacific. Its flagship product is Zendesk Support, a system for tracking, prioritizing, and solving customer support tickets across various channels. The company also offers Zendesk Chat, a live chat software to connect with customers on Websites, applications, and mobile devices; Zendesk Talk, a cloud-based call center software; Zendesk Guide, a knowledge base that powers customer self-service and support agent productivity; Zendesk Sell, a sales cus

Capitalization Detail		Price Estimates		
Share Price	\$135.09	Rel. Value	\$207	0.4 Based on pg2 Comps
Shares Out.	117	Multiple	\$174	0.4 Based on current EV,
Market Cap.	15,762	Residual Inc.	\$48	0.1 CFs to FY2029
- Cash, ST Inv.	943	DCF	\$22	0.1 CFs to FY2024 + TV
+ Total Debt	1,158	Overall Target	\$159	
+ Pref. Equity	0			
+ Minority Int.	0			

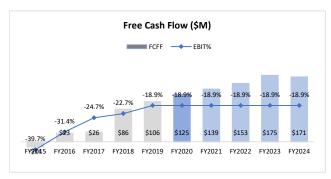
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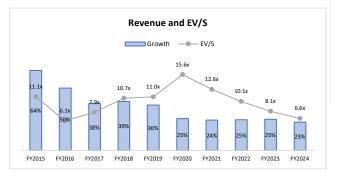












Financial Ratios										
Growth Metrics		Profit Ratios		Return Ratios		Liquid / Solv. Rat	ios	Working Capit	al Ratios	B/(W)
5-yr Rev CAGR:	39.5%	Gross Margin:	74.8%	ROA:	-4.6%	Current Ratio:	1.9x	AR Days:	47	Δ
1-yr NI:		EBITDA Marg.:	-9.5%	ROE:	-42.5%	CFO-Cur Liab:	0.0x	Inv Days:	0	Δ
1-yr EPS:		Oper Margin:	-13.4%	ROIC:	-14.1%	Debt-Capital:	72.9x	AP Days:	40	Δ-14
1-yr FCFF:	-27.4%	NI Margin:	-18.9%	Div. Pay Ratio:	0.00	N.Dbt-EBITDA:	NM	Cash Conv:	0	Δ
1-yr CFO:	-84.6%	EPS:	-0.83	WACC:	7.2%	Int. Cov. Ratio:	NM			
FCFF Yield:	10.5%	Cash / Share:	3.29	EVA Spread:	-229.5					

12/4/2020 robertcstein@gmail.com

ZEN

Income Statement Financials & Projections

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	FY2015	FY2016	FY2017	FY2018	FY2019	LTM	NTM	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	209	313	430	599	816	976	1,201	1,024	1,273	1,585	1,981	2,429
Rev. Growth	64%	50%	38%	39%	36%	63%	23%	25%	24%	25%	25%	23%
COGS	67	94	127	181	234	246	0	294	365	455	569	697
Gross Margin	142	219	303	417	582	730	1,201	730	908	1,130	1,413	1,732
% rev	68%	70%	70%	70%	71%	75%	100%	71%	71%	71%	71%	71%
'twa OPEX	211	297	385	523	704	823	1,115	883	1,097	1,366	1,707	2,093
% rev	101%	95%	89%	87%	86%	84%	93%	86%	86%	86%	86%	86%
EBITDA	-69	-78	-82	-105	-121	-93	139	-152	-189	-236	-295	-361
Dep & Amort.	14	20	20	26	23	28	38	28	35	44	55	67
Amort.GW.	0	0	4	5	10	9	9	13	16	19	24	30
EBIT	-83	-98	-106	-136	-154	-130	87	-193	-240	-299	-374	-458
% rev	-40%	-31%	-25%	-23%	-19%	-13%	7%	-19%	-19%	-19%	-19%	-19%
Eff. Tax Rate	0%	0%	0%	0%	0%	0%	21%	21%	21%	21%	21%	21%
NOPAT	-83	-98	-106	-136	-154	-130	68	-153	-190	-236	-295	-362

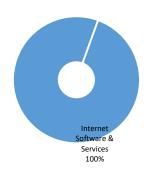
Balance Sheet Financials

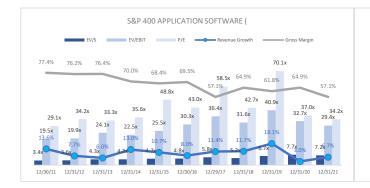
	FY2015	FY2016	FY2017	FY2018	FY2019	LTM
Cash & ST Inv.	246	225	247	427	484	943
Working Cap.	166	113	115	230	214	578
Total Assets	423	475	591	1,238	1,515	2,054
Total Debt	0	0	0	458	589	1,158
Total Liabilities	129	176	237	821	1,057	1,624
Total Equity	293	299	354	417	458	430
Liab. & Equity	423	475	591	1,238	1,515	2,054

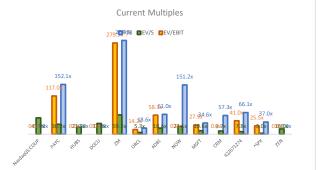
Discounted Cash Flows

	FY2015	FY2016	FY2017	FY2018	FY2019	LTM
NOPAT	-83	-98	-106	-136	-154	-130
-CAPEX	23	21	16	35	39	33
+Depr.&A.	14	20	20	26	23	28
+Amrt.GW.	0	0	4	5	10	9
+Other Amrt	6	18	22	46	63	80
+Equity Comp	53	73	85	119	157	170
- Δ NOWC	-20	-30	-18	-61	-46	39
FCFF	-14	23	26	86	106	85

FY2019 - Rev \$816 - FCFF \$106







elative Valuation														
D Company		EV	Beta (βL)	R&D %	Cash	/ Share	Rev Growth	GM %	Oper %	NTM P/S	NTM EV/S	EV/EBITDA	EV/EBIT	NTM P/E
ZEN	\$	15,570	1.36	24.59%	\$	3.29	23.1%	74.8%	7.2%	13.1x	13.3x	114.8x	184.4x	184.8x
o ZEN	\$	15,570	1.36	24.59%	\$	3.29	23.1%	74.8%	7.2%	20.2x	20.1x	92.0x	96.2x	93.9x
1 CRM	\$	197,435	1.21	17.20%	\$	4.09	18.6%	74.5%	17.3%	8.4x	8.2x	29.9x	47.5x	66.3x
2 MSFT	\$ 1	,565,028	0.82	13.34%	\$	2.27	10.2%	68.3%	37.9%	10.0x	9.7x	21.5x	25.5x	31.8x
3 NOW	\$	101,700	1.16	22.33%	\$	6.91	25.3%	78.2%	24.1%	19.4x	19.2x	62.2x	79.8x	101.6x
4 ADBE	\$	231,780	0.97	17.13%	\$	7.85	14.2%	86.0%	43.0%	16.4x	16.3x	33.3x	37.9x	44.8x
5 ORCL	\$	207,567	0.74	15.55%	\$	9.05	2.2%	80.0%	45.6%	4.5x	5.2x	10.7x	11.3x	13.8x
6 ZM	\$	115,808	0.00	6.76%	\$	2.57	72.9%	70.0%	28.5%	34.8x	34.2x	111.5x	120.0x	138.7x
7 DOCU	\$	42,862	0.90	18.77%	\$	2.01	34.7%	74.7%	11.6%	24.5x	24.1x	169.9x	211.6x	244.4x
8 HUBS	\$	17,400	1.79	23.59%	\$	2.73	23.6%	81.0%	6.8%	17.6x	17.2x	152.5x	253.0x	NM
9 PAYC	\$	24,590	1.52	10.24%	\$	2.72	17.0%	88.3%	32.8%	25.9x	25.8x	66.4x	78.7x	109.4x
NasdaqGS:COL	JF\$	22,890	1.54	23.05%	\$	13.17	20.7%	63.2%	5.7%	41.1x	41.4x	261.8x	NM	NM

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