

VALUATION: CROWDSTRIKE

Team: Profit Prophets
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Date Presented: 11/11/2024
Investment Decision: Did Not Invest

INTRODUCTION:

Our group started with the intention of finding a Company with a great business model that was undervalued. Several companies came to mind, but we landed on CrowdStrike for their business model, their ability to further penetrate the wallets of their current customers with additional features, and their steep decline in price following outages from their platform in July of this year.

COMPANY OVERVIEW:

Ticker:	CRWD	Exchange:	NASDAQ
Current Stock Price:	\$330.78	Date Reported:	11/7/2024
Target Stock Price:	\$398.33	Target Date:	11/11/2024

CrowdStrike is a cybersecurity platform that detects and hunts cyber threats. The company differentiates itself from the market with a large focus on AI/ML and its' cloud native architecture. The company charges an annual base fee ranging from \$59.99 to \$184.99 per device and allows for further security add-ons and integrations to be purchased through the CrowdStrike Marketplace for an additional fee. CrowdStrike serves companies of all sizes and various industries. With over 2/3 of its customers in the United States, and around 1/2 of its customers operating in the IT/computer software industries, CrowdStrike has lots of room to expand in various countries and verticals.

VALUATION SUMMARY:

CrowdStrike faces some fierce competition in the industry with Microsoft, SentinelOne, and Palo Alto Networks all playing in similar markets. Despite their competitors, Gartner named CrowdStrike the company with the most completeness of vision and the highest ability to execute. They were also named an industry leader. The company has done this despite the largely publicized outage in July of this year and continues to claw their way to new heights and better performance.

HISTORICAL PERFORMANCE:

Over the past 12 months CRWD has had a 75.02% return, much greater than the 35.47% return from SPY. Year to Date CRWD has returned 34.56% compared to the 25.57% return of SPY. The company was down 12% in July after the outage but has since bounced back and outperformed the SPY. The stock has a volatility of 4.46% and we believe that they have plenty of room for revenue growth with both current and potential customers in this market.