

Medallia, Inc.

NYSE: MDLA

TARGET PRICE: \$12.61

Medallia Inc. (MDLA) has used M&A to mask rapidly deteriorating organic revenue growth. FY 21 organic growth will be worse than we originally estimated and easily the slowest growth rate in over a decade. Shares have over 35.0% downside.

Prescience Point Research Opinions:

- **Reiterated FY 21 guidance despite recent M&A implies organic growth is rapidly deteriorating:** In Feb. 2020, MDLA acquired LivingLens which we estimate will provide ~\$10.0 million to FY 21 revenue. However, MDLA reiterated FY 21 revenue guidance last week implying organic growth will be below 15.0%, lower than we estimated in our [Initiation Report](#) and the slowest growth rate in over a decade. As a result, MDLA is now definitively not an “accelerating” growth story.
- **M&A used to obfuscate weak underlying growth from core business:** Over the last year, MDLA spent \$110.8 million on M&A while providing little commentary or guidance about the revenue impact from the acquired companies – a stark contrast to the negligible amount of M&A done before Mr. Stretch became CEO. It’s very clear recent M&A has propped up reported revenue growth while obfuscating weakening organic growth.
- **Path to profitability remains a fairy tale:** MDLA remains unprofitable and we continue to believe long-term guidance for non-GAAP operating margin of +20.0% is not achievable. The Company hasn’t been profitable for the last twenty years despite minimal competition in its core enterprise business. It’s unrealistic to believe it can suddenly become profitable, especially as competition is just heating up.
- **COVID-19 implications could be meaningful, lasting, and very negative:** MDLA’s core customers are some of the ones most impacted by COVID-19 (and an oil crisis). A post COVID-19 environment could result in current projects/implementations being pushed out or even canceled, less wins as sales teams can’t do client site visits, and lower operating leverage.
- **Key executives have unloaded massive stakes since post IPO lock-up expiry:** Since the IPO lock-up expired on 01/15/20, MDLA CEO has sold over 25.0% of his beneficial ownership and CTO has sold over 20.0%.
- **Shares have over 35.0% downside:** We value Medallia’s shares at \$12.61, a downside of more than 35.0%. Recall, less than a year ago MDLA’s board, with help from management and an independent valuation firm, valued its common stock at only ~\$6.50/share.

DATE OF REPORT
03/17/20

SHARE PRICE
\$19.84

AVG DAILY VOLUME
1.6M

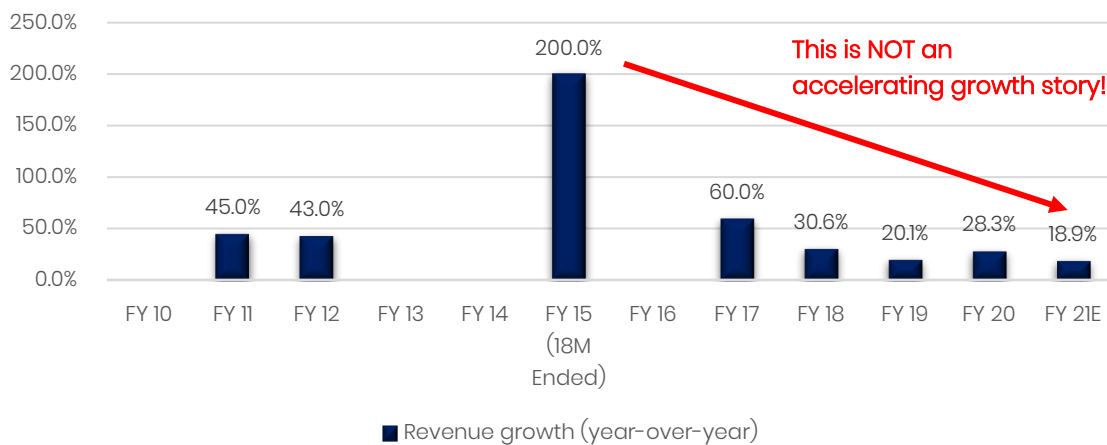
MARKET CAP
\$3.5B

EV/SALES
6.7x

MDLA is Not an Accelerating Growth Story: FY 21 Growth Rates Will be the Slowest in Over a Decade

As discussed in our [Initiation Report](#) on 01/16/20, Medallia has repeatedly pitched itself as an “accelerating” revenue growth story. While FY 20 certainly saw a brief acceleration, the overwhelming trend since FY 15 has been massive deceleration. Indeed, FY 21 guidance calls for revenue growth of only 18.9% (at midpoint), the slowest growth rate in at least a decade.

MDLA has Always Pitched Itself as an Accelerating Growth Story. The Data Suggests Otherwise



Source: Company filings, news articles

M&A Continues to Obfuscate Deteriorating Underlying Revenue Growth

Over the last year, Medallia spent \$110.8 million on acquisitions, a stark contrast to the negligible M&A done before Mr. Leslie J. Stretch became CEO. Moreover, Medallia has provided little commentary or guidance about the revenue impact from the acquired companies. It's very clear recent M&A has propped up reported revenue growth while obfuscating rapidly deteriorating underlying growth rates at Medallia's core business.

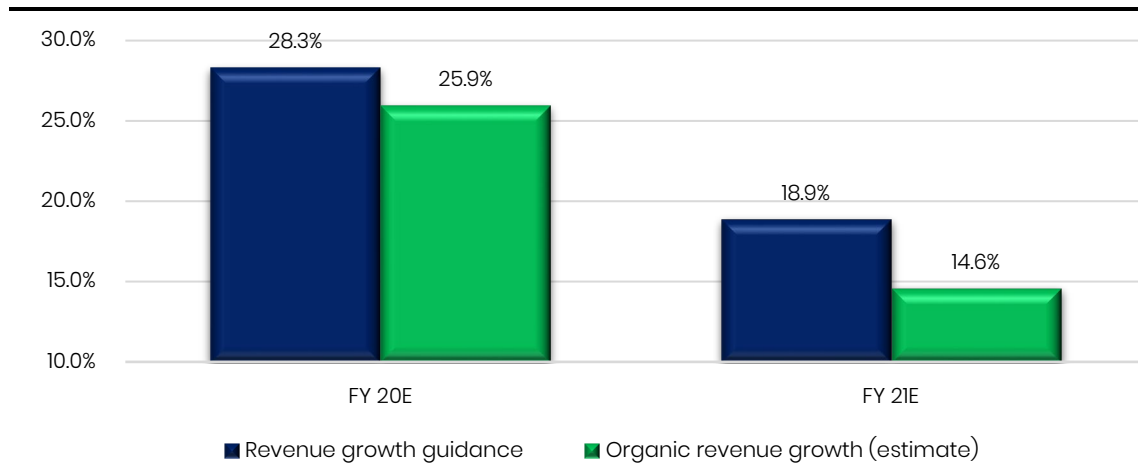
MDLA has Spent \$110 Million on M&A in the Last Year

(\$ in millions)	Date	Purchase Price	Description
Strikedeck Inc.	05/16/19	\$11.0	Provides customer success platform for B2B customers.
Cooladata Ltd.	06/17/19	\$7.6	Cloud-based behavior analytics platform that derives/predicts customer sentiment.
Promoter.io Inc.	07/15/19	\$2.3	Net Promoter Score (NPS) platform for small/medium sized businesses that measures loyalty and customer sentiment.
Zingle Inc.	09/23/19	\$47.3	Multi-channel mobile messaging and customer engagement solution.
Crowdicity Limited	10/03/19	\$16.6	Idea and innovation management platform.
LivingLens	02/20/20	\$26.0	Video feedback platform that captures and analyzes data contained within speech, sentiment, emotion, and objects.

Source: [Q2 2010Q](#), Press Releases

Based on limited publicly available information, we estimate these acquisitions will provide ~\$17.3 million of inorganic revenue in FY 21.¹ As a result, **FY 21 organic revenue growth would be 14.6%**.

M&A Obscures Underlying Growth Rate: FY 21 Organic Growth Slows to Below 15.0%



Source: Company filings, Prescience Point estimates

¹ In FY 21, we estimate inorganic revenue will be \$1.1 million from Strikedeck, \$0.2 million from Cooladata, \$0.1 million from Promoter.io, \$1.5 million from Zingle, \$4.5 million from Crowdicity, and \$10.0 million from LivingLens. See [Initiation Report](#) for estimate details for Strikedeck, Cooladata, Promoter.io, Zingle, and Crowdicity. See [here](#) and [here](#) for LivingLens estimates.

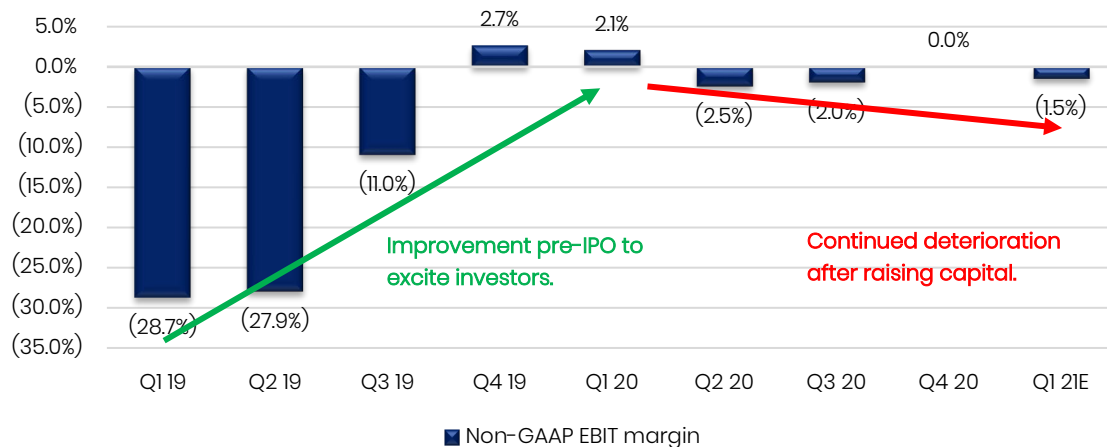
We want to be explicitly clear: It's not that Medallia can't continue to make acquisitions to augment technological capabilities (it has minimal debt), but why would investors pay a rich sales multiple for a company with massively decelerating organic growth obfuscated by tuck-in acquisitions disguised as technology-focused M&A.

Path to Profitability Remains a Fairy Tale

While Medallia still does not trade on its profitability, the Company regularly trumpeted its margin improvement pre-IPO and continues to guide for long-term non-GAAP operating margin of +20.0%. Recall, margin improvement was primarily driven by higher-than-normal capitalized commission costs, not operating leverage. If Medallia hasn't been profitable for the last twenty years (inclusive of one of the longest bull markets and economic expansions in history), what gives it confidence that it can be profitable going forward?

In addition, Medallia has faced minimal competition in its core enterprise market as competitors were more focused on the mid-market. However, as we discussed in our [Initiation Report](#), competition from Qualtrics and SurveyMonkey is rapidly heating up.

Pre-IPO Profitability Improvement takes Sharp Reversal



Source: Company filings

COVID-19 Implications: Pushed Out Projects, Less Wins, Lower Operating Leverage

The COVID-19 health crisis is devastating and our thoughts go out to all of those impacted. For the context of this report, we will assess the implications on Medallia and its customers.

While Medallia has a large and diverse customer base, its core customers are in some of the hardest hit industries (e.g. autos & transportation, hospitality & restaurants, retail & consumer goods). It's also worth mentioning, Medallia has exposure to many energy & industrial companies currently dealing with an oil crisis.

MDLA's Biggest Customers are in Hospitality, Autos, Transports, Energy & Industrial Services

Top Global Brands Run on Medallia

Automotive and transportation	Banking and financial services	Hospitality	Insurance	Energy, industrial and services	Retail and consumer goods	Technology, telecommunications and media

Medallia

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Source: [Q3 20 Earnings Presentation](#)

We were concerned about rapidly decelerating revenue growth and lack of profitability before COVID-19 and an oil crisis. Consequently, these events have only exacerbated those concerns. We believe the implications could be as follows:

- Current projects/implementations are pushed out and/or extended:** As customers focus on more pressing issues, current customer experience platform implementations could be extended and/or implementations of recent wins could be pushed out or worst case, cancelled. Extended or pushed out implementations could result in delayed revenue recognition, while outright cancellations would result in lost revenue.
- Less wins as sales teams can't do client site visits:** As the US and most of the world shifts to working remotely for the near-term, wins could drop as sales teams aren't able to do live client-site pitches and presentations. As we discussed in our [Initiation Report](#), we believe the easiest customer additions are already in the customer base and incremental customers will be increasingly more difficult to obtain and less likely to spend as much on a customer experience software platform. These concerns are only magnified as companies broadly tighten budgets and place increased scrutiny on all expenses. Importantly, given most of Medallia's customers operate on multi-year arrangements (i.e. recurring revenue), lower wins today may not necessarily impact FY 21 revenue growth but could have a material impact on future revenue growth.

- **Lower operating leverage:** If Medallia chooses to maintain its sales team (i.e. no more layoffs), less wins would negatively impact operating leverage. Post-IPO, sales and marketing expense as a percentage of revenue ticked up considerably from pre-IPO levels (currently at 48.6% vs. low 40.0%'s pre-IPO).

Key Executives Have Unloaded Massive Stakes Post IPO Lock-Up Expiry

We warned shareholders that executives and insiders would be looking to monetize their equity by selling shares after the IPO lock-up expired on 01/15/20.

CEO Mr. Stretch has sold over 25.0% of his beneficial ownership

- From 01/16/20 through 01/21/20, CEO Mr. Stretch sold over 300,000 shares (>10% of his beneficial ownership). This Form 4 was filed very late after hours on 01/20/20 (i.e. after 5pm PST).

MDLA CEO Divests >10% of Stake Immediately After IPO Lock-Up Expiration

FORM 4

[] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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hours per response... 0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or
Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person ² Stretch Leslie (Last) (First) (Middle) C/O MEDALLIA, INC., 575 MARKET STREET, SUITE 1850 (Street) SAN FRANCISCO, CA 94105 (City) (State) (Zip)		2. Issuer Name and Ticker or Trading Symbol Medallia, Inc. [MDLA]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) President & CEO	
3. Date of Earliest Transaction (MM/DD/YYYY) 1/16/2020		4. If Amendment, Date Original Filed (MM/DD/YYYY)		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	

1. Title of Security (Instr. 3)	2. Trans. Date	2A. Deemed Execution Date, if any	3. Trans. Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D)	Price	
Common Stock	1/16/2020		S		81474	D	\$31.4545
Common Stock	1/16/2020		S		8526	D	\$31.9011
Common Stock	1/17/2020		S		90000	D	\$31.7028
Common Stock	1/20/2020		M		15974	A	\$6.26
Common Stock	1/21/2020		S		122605	D	\$31.4143

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option (right to buy)	\$6.26	1/20/2020		M		15974			8/23/2028	Common Stock	15974	\$0.00

Source: [Form 4](#), 01/21/20

- From 01/22/20 through 01/24/20, CEO Mr. Stretch sold more than 265,000 shares, bringing his total sales to over 25.0% of his beneficial ownership since the IPO lock-up expiry. This Form 4 was filed late on a Friday night.

MDLA CEO Divests Another >10% Stake

FORM 4

[] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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hours per response... 0.5

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1. Name and Address of Reporting Person Stretch Leslie (Last) (First) (Middle) C/O MEDALLIA, INC., 575 MARKET STREET, SUITE 1850 (Street) SAN FRANCISCO, CA 94105 (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol Medallia, Inc. [MDLA]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) President & CEO										
3. Date of Earliest Transaction (MM/DD/YYYY) 1/22/2020			4. If Amendment, Date Original Filed (MM/DD/YYYY)			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person										
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned																
1. Title of Security (Instr. 3)	2. Trans. Date	3A. Deemed Execution Date, if any	3. Trans. Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)							
			Code	V	Amount	(A) or (D)				Price						
Common Stock	1/22/2020		S		31125	D	\$30.741	2122546	D							
Common Stock	1/22/2020		S		58875	D	\$31.4626	2063671	D							
Common Stock	1/23/2020		S		90271	D	\$31.0019	1973400	D							
Common Stock	1/24/2020		M		20000	A	\$6.73	1993400	D							
Common Stock	1/24/2020		S		81874	D	\$30.7874	1911526	D							
Common Stock	1/24/2020		S		3300	D	\$31.4024	1908226	D							
Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)																
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares					
Employee Stock Option (right to buy)	\$6.73	1/24/2020		M		20000				11/14/2028	Common Stock	20000	\$0.00	7647393	D	

Source: [Form 4](#), 01/24/20

CTO sold another 10.0% stake post lock-up

- From 02/19/20 through 02/20/20, CTO Mr. Mikael J. Ottosson sold 120,000 shares (>10.0% of his beneficial ownership). Mr. Ottosson had previously divested a >10.0% stake in early December. This Form 4 was also filed on a Friday night.

MDLA CTO Divests Second >10% Stake in the Last Three Months

FORM 4

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Washington, D.C. 20549

OMB APPROVAL
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hours per response... 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
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Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *		2. Issuer Name and Ticker or Trading Symbol		5. Relationship of Reporting Person(s) to Issuer (Check all applicable)							
Ottosson Mikael J (Last) (First) (Middle) C/O MEDALLIA, INC., 575 MARKET STREET, SUITE 1850 (Street) SAN FRANCISCO, CA 94105 (City) (State) (Zip)		Medallia, Inc. [MDLA]		Director _____ 10% Owner _____ <input checked="" type="checkbox"/> Officer (give title below) Chief Technology Officer & EVP Other (specify below) _____							
		3. Date of Earliest Transaction (MM/DD/YYYY)		6. Individual or Joint/Group Filing (Check Applicable Line)							
		2/19/2020		<input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person							
4. If Amendment, Date Original Filed (MM/DD/YYYY)											
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Common Stock	2/19/2020		M	85000 A	135000	D					
Common Stock	2/19/2020		S	85000 D \$30.6104 (L)	50000	D					
Common Stock	2/20/2020		M	35000 A	85000	D					
Common Stock	2/20/2020		S	35000 D \$30.2916 (L)	50000	D					
Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)											
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Employee Stock Option (right to buy)	\$4.42	2/19/2020		M	85000 (L)	9/10/2025	Common Stock 85000	\$0.00	515000	D	
Employee Stock Option (right to buy)	\$4.42	2/20/2020		M	35000 (L)	9/10/2025	Common Stock 35000	\$0.00	480000	D	

Source: [Form 4](#), 02/21/20

We believe it's important to highlight these Form 4s were filed either late after hours and/or on a Friday night. In our experience, documents filed in the late evenings and especially on Friday are more likely to be overlooked or missed by investors. In some cases, companies use this to their advantage to hide or minimize the publicity of certain filings.

Valuation: Medallia's Shares Have Over 35.0% Downside

Medallia's shares currently trade at 6.7x CY 20E EV/Sales vs. the peer group average of 8.2x. Premium (and even average) priced peers can be broken down into two major categories: (1) those with above average revenue growth but negligible/no profitability (e.g. AVLR, COUP, PLAN, SMAR) and (2) those with below average/average revenue growth but meaningful profitability (e.g. ADBE, CYBR, FVIN, WDAY).

Medallia doesn't fit in either category, below average revenue growth and gross margin and no profitability. In addition, FY 21 organic growth is even worse than we originally estimated. As discussed, we now estimate FY 21 organic revenue growth will be 14.6%, 430 basis points lower than what we estimated in our [Initiation](#)

Report. As such, we believe **Medallia should trade at ~4.0x CY 20E EV/Sales (i.e. FY 21), still closer to the low end of the peer group and at a discount to our previous multiple (5.5x).**

Company Name	Ticker	Share Price	Market Cap.	E/V	Sales Growth		Gross Margin		EBIT Margin		EV/Sales	
					CY 20E	CY 21E	CY 20E	CY 21E	CY 20E	CY 21E	CY 20E	CY 21E
(\$ in millions, except share price)												
ADOBE INC.	ADBE	\$286.03	\$137,731.4	\$137,673.4	17.7%	15.8%	87.5%	87.8%	41.3%	42.3%	10.5x	9.0x
AVALARA, INC.	AVLR	\$66.24	\$5,175.9	\$4,708.9	23.8%	23.8%	71.6%	72.6%	(4.2%)	(0.5%)	10.9x	8.8x
Ceridian HCM Holding Inc.	CDAY	\$47.56	\$7,020.1	\$7,415.9	9.9%	15.5%	45.5%	46.7%	14.9%	17.3%	7.8x	6.7x
Coupa Software Inc	COUP	\$109.57	\$7,382.8	\$7,277.6	46.3%	28.0%	72.0%	73.0%	6.0%	7.8%	19.4x	15.2x
SALESFORCE COM INC	CRM	\$124.30	\$125,828.1	\$120,939.1	23.5%	19.2%	78.9%	79.1%	18.1%	19.3%	6.0x	5.0x
CyberArk Software Ltd.	CYBR	\$75.50	\$2,990.2	\$2,356.1	18.8%	17.4%	86.8%	86.8%	21.9%	23.3%	5.8x	4.9x
DOCUSIGN, INC.	DOCU	\$72.31	\$12,325.0	\$12,134.2	24.9%	24.7%	80.0%	80.7%	6.3%	9.9%	10.1x	8.1x
Five9, Inc.	FIVN	\$56.45	\$3,753.5	\$3,647.5	16.6%	17.0%	62.9%	64.0%	14.1%	14.7%	9.8x	8.4x
HUBSPOT INC	HUBS	\$110.01	\$5,303.2	\$4,682.3	24.8%	22.4%	82.4%	82.8%	6.8%	8.7%	6.3x	5.1x
ServiceNow, Inc.	NOW	\$265.43	\$49,750.4	\$48,754.3	28.8%	26.1%	82.0%	82.7%	22.4%	23.8%	11.2x	8.9x
Palo Alto Networks Inc	PANW	\$137.17	\$14,013.5	\$12,340.8	16.3%	19.0%	76.4%	76.7%	16.5%	18.1%	4.2x	3.5x
PEGASYSTEMS INC	PEGA	\$63.01	\$5,545.0	\$5,476.6	19.6%	16.8%	71.1%	72.0%	1.6%	4.3%	5.1x	4.4x
Anaplan, Inc.	PLAN	\$30.01	\$4,724.4	\$4,427.5	33.1%	29.7%	76.5%	78.7%	(12.7%)	(5.2%)	10.2x	7.9x
LiveRamp Holdings, Inc.	RAMP	\$26.21	\$1,782.4	\$1,015.2	32.6%	26.8%	65.8%	68.7%	(16.3%)	(3.9%)	4.7x	3.7x
SMARTSHEET INC	SMAR	\$32.05	\$4,324.4	\$3,766.2	52.0%	39.4%	81.7%	80.9%	(24.3%)	(19.2%)	16.0x	11.5x
SVMK Inc.	SVMK	\$11.22	\$1,844.4	\$1,928.9	23.3%	20.5%	78.2%	78.9%	1.8%	5.9%	4.9x	4.0x
Workday, Inc.	WDAY	\$120.19	\$30,459.3	\$29,777.0	20.3%	18.8%	76.2%	76.9%	14.6%	16.2%	7.0x	5.9x
WORKIVA INC	WK	\$25.66	\$1,422.3	\$1,232.2	15.5%	16.2%	72.5%	73.9%	(10.7%)	(5.5%)	4.1x	3.6x
Zendesk, Inc.	ZEN	\$54.74	\$6,820.4	\$6,458.3	30.4%	27.3%	76.0%	76.6%	4.6%	7.2%	6.4x	5.0x
ZUORA INC	ZUO	\$7.19	\$1,139.9	\$978.5	17.0%	18.1%	59.6%	62.3%	(10.0%)	(3.1%)	3.5x	3.0x
Max					52.0%	39.4%	87.5%	87.8%	41.3%	42.3%	19.4x	15.2x
Average					24.8%	22.1%	74.2%	75.1%	5.6%	9.1%	8.2x	6.6x
Min					9.9%	15.5%	45.5%	46.7%	(24.3%)	(19.2%)	3.5x	3.0x
Medallia, Inc.	MDLA	\$19.84	\$3,513.5	\$3,194.2	19.0%	20.9%	67.6%	68.6%	(0.4%)	3.3%	6.7x	5.5x

Source: Thomson Reuters

Based on our more conservative EV/Sales multiple, we value Medallia's shares at \$12.61.

Price Target Calculation: Over 35.0% Downside

<i>(\$ in millions, except share price)</i>	FY 21E
Revenue	\$478.5
<i>Year-over-year</i>	18.9%
EV/Sales	4.0
Enterprise value	\$1,914.0
Less: net debt/(cash)	(\$319.3)
Market capitalization	\$2,233.3
Shares outstanding (diluted)	177.1
Price target	\$12.61
Current price	\$19.84
<i>Downside</i>	<i>(36.4%)</i>

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