

## Zoom Video (ZM)

**\$86.58** (Stock Price as of 12/04/2025)

Price Target (6-12 Months): **\$87.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 11/10/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**2-Buy**

Zacks Style Scores:

VGM: B

Value: C

Growth: B

Momentum: A

## Summary

Zoom is gaining significant traction from the hybrid working wave, which has accelerated the need for digital transformation among enterprises. The company is benefiting from steady growth in its subscriber base and enterprise customer base backed by strong demand for offerings like Zoom Phone. The launch of AI-driven solutions like Zoom Doc and Zoom AI Companion holds promise, particularly AI Companion's remarkable 4x user growth. Following the strong fiscal second-quarter quarterly results, Zoom raised its full-year revenue guidance to \$4.825-4.835 billion and expects continued strong growth momentum up. We expect fiscal 2026 revenues to grow 3.5% over fiscal 2025. However, stiff competition from the likes of Microsoft and Cisco does not bode well. A tough macroeconomic environment and raging interest are headwinds.

## Data Overview

|                            |                                     |
|----------------------------|-------------------------------------|
| 52 Week High-Low           | \$91.04 - \$64.41                   |
| 20 Day Average Volume (sh) | 3,320,131                           |
| Market Cap                 | \$25.6 B                            |
| YTD Price Change           | 6.1%                                |
| Beta                       | 0.81                                |
| Dividend / Div Yld         | \$0.00 / 0.0%                       |
| Industry                   | <a href="#">Internet - Software</a> |
| Zacks Industry Rank        | Top 27% (64 out of 243)             |

|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | 6.3%       |
| Last Sales Surprise       | 1.4%       |
| EPS F1 Est- 4 week change | 5.5%       |
| Expected Report Date      | 02/23/2026 |
| Earnings ESP              | 0.5%       |

|         |      |
|---------|------|
| P/E TTM | 14.7 |
| P/E F1  | 14.9 |
| PEG F1  | 5.6  |
| P/S TTM | 5.3  |

## Price, Consensus & Surprise<sup>(1)</sup>



## Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



## Sales Estimates (millions of \$)<sup>(2)</sup>

|      | Q1      | Q2      | Q3      | Q4      | Annual* |
|------|---------|---------|---------|---------|---------|
| 2027 | 1,209 E | 1,211 E | 1,239 E | 1,262 E | 4,921 E |
| 2026 | 1,175 A | 1,217 A | 1,230 A | 1,223 E | 4,827 E |
| 2025 | 1,141 A | 1,163 A | 1,178 A | 1,184 A | 4,665 A |

## EPS Estimates<sup>(2)</sup>

|      | Q1     | Q2     | Q3     | Q4     | Annual* |
|------|--------|--------|--------|--------|---------|
| 2027 | 1.41 E | 1.45 E | 1.47 E | 1.51 E | 5.84 E  |
| 2026 | 1.43 A | 1.53 A | 1.52 A | 1.43 E | 5.81 E  |
| 2025 | 1.35 A | 1.39 A | 1.38 A | 1.41 A | 5.54 A  |

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/04/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/11/2025.

## Overview

Zoom Video Communications' cloud-native unified communications platform, which combines video, audio, phone, screen sharing and chat functionalities, makes remote-working and collaboration easy. Undoubtedly, the company is benefiting from the work-from-home and online learning wave following the coronavirus pandemic outbreak that forced more and more people to stay home.

Zoom Video's solutions include Zoom Meetings, Zoom Rooms, Zoom Phone (launched in 2019), Zoom Chat, Zoom Conference Room Connector, Zoom Video Webinars, Zoom for Developers and Zoom App Marketplace.

Zoom Video's flagship solution Zoom Meetings provides high-definition video, voice, chat and content sharing across mobile devices, desktops, laptops, telephones and conference room systems. Zoom Meetings integrate with tools, such as Atlassian, Dropbox, Google, LinkedIn, Microsoft, Salesforce and Slack.

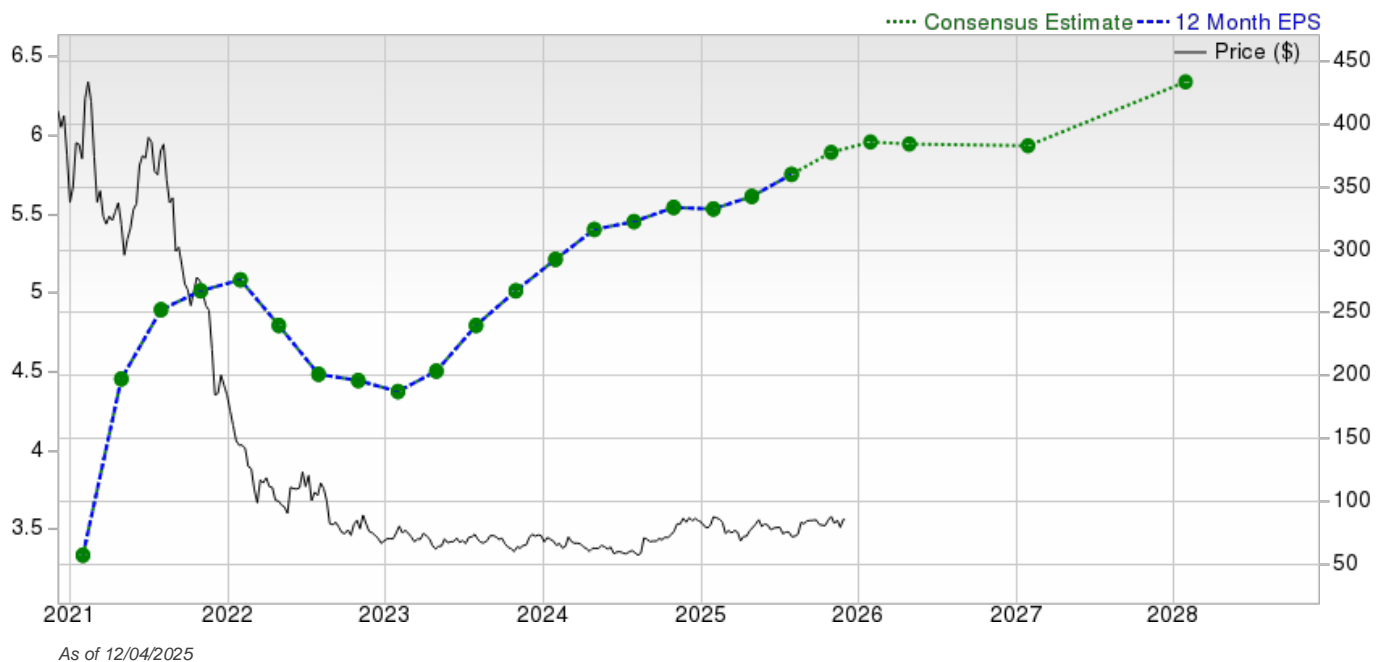
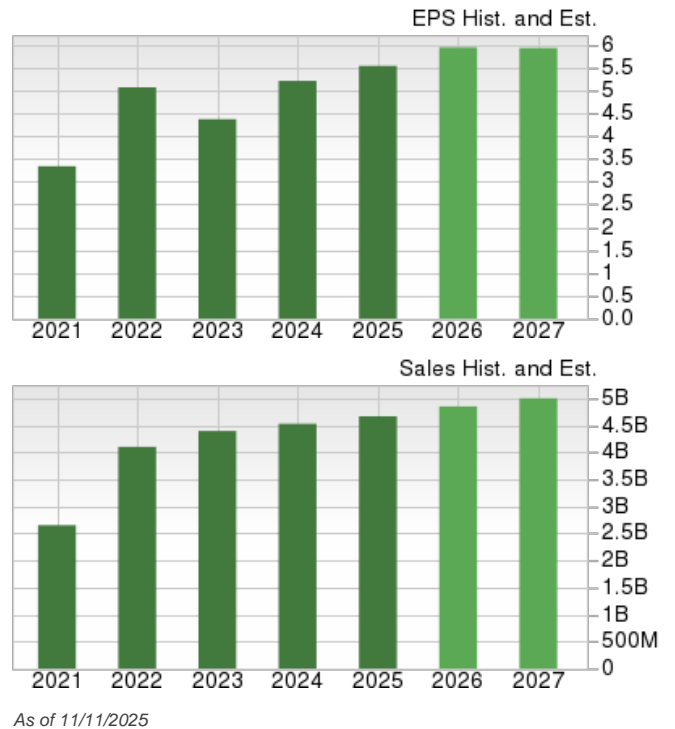
Moreover, Zoom Phone is an enterprise cloud phone system that provides inbound and outbound calling via its support for native connectivity to the public switched telephone network (PSTN). Further, Zoom Video Webinars (\$40 per month per host) allow users to conduct large-scale online events. As of the fiscal year ended Jan 31, 2024, Zoom Phone provided native PSTN connectivity in more than 45 countries and territories.

Zoom Video went for an Initial Public Offering (IPO) on Apr 17, 2019. This San Jose, CA-based company reported revenues of \$4.66 billion in fiscal 2025.

The company generates revenues from the sale of subscriptions to its video-first communications platform. Subscription revenues are driven primarily by the number of paid hosts as well as purchases of additional products, including Zoom Rooms, Zoom Video Webinars and Zoom Phone.

At the end of first-quarter fiscal 2026, the company had approximately 4,192 customers contributing more than \$100,000 in revenues in the trailing 12 months.

Zoom Video faces significant competition from Cisco Webex, LogMeIn GoToMeeting, Microsoft Teams, Google G Suite, Avaya, RingCentral and 8x8.



## Reasons To Buy:

- ▲ Zoom's enterprise customer expansion demonstrates exceptional momentum in fiscal 2026, with customers contributing over \$100,000 annually reaching 4,274 in the fiscal second quarter, representing 9% year-over-year growth. The company's Contact Center solution achieved remarkable traction with 229 high-value customers, surging 94% year-over-year, while Workvivo expanded 142% to 168 customers exceeding \$100,000 in annual recurring revenue. This upmarket migration reflects successful land-and-expand strategies as organizations consolidate their communication infrastructure. Enterprise revenue now comprises 60% of total revenue at \$730.7 million quarterly, growing 7% year-over-year, significantly outpacing overall growth and demonstrating Zoom's evolution beyond pandemic-era video conferencing into mission-critical enterprise infrastructure.
- ▲ Zoom's AI Companion achieved extraordinary adoption with monthly active users growing fourfold year-over-year and 40% quarter-over-quarter growth in fiscal 2026. The platform integrates with 16 third-party applications including ServiceNow, Jira, and Asana, transforming from passive meeting assistant to autonomous task executor through agentic AI capabilities. The upcoming Custom AI Companion add-on at \$12 per user monthly enables organizations to tailor AI functionality with custom meeting templates, industry-specific vocabularies, and personalized digital coaching. This AI-first strategy positions Zoom ahead of competitors, with customers reporting significant operational efficiencies including 40% reduction in manual contact center labor, creating substantial value beyond traditional video conferencing.
- ▲ Zoom maintains fortress-like financial positioning with \$7.8 billion in cash and marketable securities, providing substantial flexibility for innovation investments and shareholder returns. The company achieved impressive 41.3% non-GAAP operating margins in second quarter fiscal 2026, demonstrating exceptional operational efficiency despite significant R&D investments. Free cash flow reached \$508 million quarterly, growing 39% year-over-year, with full-year guidance projecting \$1.74-\$1.78 billion. Non-GAAP earnings per share expanded to \$1.53 from \$1.39 year-over-year, with full-year guidance of \$5.81-\$5.84. This combination of robust cash generation, expanding margins, and minimal debt creates optimal conditions for sustained innovation investment while maintaining profitability uncommon among growth technology companies.
- ▲ Zoom's expansion beyond meetings into specialized departmental solutions generates compelling new revenue streams throughout fiscal 2026. Contact Center displaced leading competitors in seven of ten largest deals, with one Fortune 100 technology company deploying 15,000 agents. Workvivo secured three million-dollar contracts including Delta Airlines' entire workforce migration. Revenue Accelerator and Customer Experience solutions demonstrate triple-digit growth trajectories. The company earned recognition as Leader in Forrester Wave for Unified Communications-as-a-Service, validating platform comprehensiveness. These high-growth solutions address \$24 billion total addressable market opportunities, providing runway far beyond core meetings business. Success penetrating enterprise departments creates sticky, mission-critical implementations driving higher customer lifetime value and predictable recurring revenue growth.
- ▲ Zoom's remaining performance obligations grew to \$3,976 million, increasing 5% year-over-year, providing exceptional revenue visibility for fiscal 2026 and beyond. Current RPO expanded 6% to \$1,565 million, indicating near-term revenue acceleration potential. The company maintains 98% net dollar retention despite macroeconomic headwinds, demonstrating product stickiness and expansion success within existing accounts. Management raised full-year revenue guidance to \$4.825-\$4.835 billion while authorizing substantial share repurchases with \$724.7 million remaining authorization. Online customer churn improved to 2.9%, with 74.2% of online monthly recurring revenue from customers with 16+ months tenure. This combination of predictable revenue streams, improving retention metrics, and aggressive capital returns creates favorable risk-reward dynamics.

Zoom is benefiting from an expanding high-value customer base, AI-driven platform innovation, strong balance sheet and margin expansion.

## Reasons To Sell:

- ▼ Zoom faces crushing competition from Microsoft Teams, which dominates with over 90% market share in enterprise environments and leverages seamless Office 365 integration. Fiscal 2026 data shows Zoom's revenue growth decelerating to just 4.7% year-over-year in fiscal second-quarter, while Teams reportedly handles 5 billion meeting minutes daily. Enterprise customers increasingly choose Teams' bundled pricing over Zoom's standalone offering, forcing Zoom to compete on price rather than innovation. The company's 98% net dollar expansion rate signals existing customers are reducing spending, not expanding usage. This competitive disadvantage threatens Zoom's ability to maintain pricing power and market share against Microsoft's ecosystem advantage.
- ▼ Zoom operates under an ongoing FTC settlement requiring biennial security assessments and comprehensive compliance programs through fiscal 2026 and beyond. The company faces potential penalties up to \$43,280 per violation if found non-compliant with settlement terms. Historical security breaches and deceptive encryption claims have damaged institutional trust, particularly in regulated industries like healthcare and finance. The FTC maintains active monitoring rights, creating ongoing legal overhang and compliance costs. Any future security incidents could trigger severe financial penalties and additional regulatory scrutiny. These legal vulnerabilities increase operational costs, limit business flexibility, and create material risk for shareholders as privacy regulations tighten globally.
- ▼ Currency fluctuations significantly impact Zoom's fiscal 2026 financial performance, with constant currency revenue consistently exceeding reported figures. The company projects fiscal 2026 revenue of \$4.825-4.835 billion reported versus \$4.817-4.827 billion in constant currency, reflecting ongoing forex pressure. International operations expose Zoom to volatile exchange rates, particularly affecting enterprise contracts denominated in foreign currencies. Second-quarter fiscal 2026 showed a \$3.6 million gap between reported and constant currency revenue, directly impacting margins. With global economic uncertainty and dollar strength continuing, these headwinds will persist throughout fiscal 2026. Foreign exchange volatility adds unpredictability to earnings, complicates financial planning, and reduces actual cash generation from international markets.
- ▼ Despite reporting \$1.74-1.78 billion in projected fiscal 2026 free cash flow, Zoom's cash generation efficiency metrics show concerning deterioration. The 98% net dollar expansion rate indicates existing enterprise customers are contracting spending rather than expanding platform usage. Online monthly churn remains stuck at 2.9%, showing no improvement despite product enhancements. First-quarter fiscal 2026 free cash flow of \$463.4 million declined from \$569.7 million year-over-year, signaling weakening cash conversion. The company's heavy reliance on share buybacks (\$463 million in fiscal second-quarter alone) masks underlying operational challenges. These metrics reveal a mature business struggling to generate organic growth, forcing management to deploy cash for financial engineering rather than productive investments.
- ▼ Zoom's fiscal 2026 revenue guidance of \$4.825-4.835 billion represents merely 2.7% growth at midpoint, confirming the pandemic-era boom has definitively ended. Enterprise revenue growth of 7% cannot offset Online segment stagnation at 1.4% growth, indicating consumer abandonment. The company's projected fiscal third-quarter revenue of \$1.21-1.215 billion suggests continued deceleration as return-to-office mandates accelerate. Major corporations including JPMorgan, Amazon, and AT&T have mandated office returns, directly reducing video conferencing demand. With only 4,274 customers contributing over \$100,000 annually, Zoom lacks the enterprise penetration necessary for sustained growth. This growth stagnation, combined with high valuation multiples, creates significant downside risk as investors reassess Zoom's post-pandemic prospects.

Stiff competition in the video communication space, legal vulnerabilities, foreign exchange headwinds and deteriorating cash generation efficiency are concerns.

## Last Earnings Report

### Zoom Q2 Earnings Surpass Estimates, Revenues Increase Y/Y

Zoom Communications' second-quarter fiscal 2026 adjusted earnings of \$1.53 per share beat the Zacks Consensus Estimate by 11.68% and increased 10.1% year over year.

Revenues of \$1.22 billion beat the consensus mark by 1.66% and increased 4.7% year over year. Adjusting for the impact of foreign currency, revenues in constant currency were \$1.21 billion, up 4.4% year over year.

**FY Quarter Ending** 1/31/2025

| Earnings Reporting Date | Nov 24, 2025 |
|-------------------------|--------------|
| Sales Surprise          | 1.40%        |
| EPS Surprise            | 6.29%        |
| Quarterly EPS           | 1.52         |
| Annual EPS (TTM)        | 5.89         |

### Q2 Details of ZM

Enterprise revenues, which account for 60% of total revenues, increased 7% year over year to \$730.7 million. Online revenues, which account for 40% of total revenues, increased 1.4% year over year to \$486.6 million.

Customers contributing more than \$100,000 in revenues in the trailing 12 months grew 8.7% to 4,274. These customers accounted for 32% of revenues and grew 9% year over year.

The number of Enterprise customers at the end of the fiscal first quarter was approximately 184,000. In the second quarter, the percentage of total Online MRR pertaining to Online customers with a continued term of service of at least 16 months was 74.9%, which increased 50 basis points (bps) year over year.

The company reported a trailing 12-month net dollar expansion rate for Enterprise customers of 98% and an Online average monthly churn of 2.9%, flat year over year.

Zoom witnessed traction with Workvivo, where customers grew 142% year over year.

### Non-GAAP Operating Details of ZM

Non-GAAP gross margin in the fiscal second quarter was 79.8% compared with 78.6% in the year-ago period and expanded 120 bps.

Research and development expenses increased 10.9% year over year to \$133.8 million. Sales and marketing expenses increased 0.2% to \$271.6 million, and general and administrative expenses decreased 4.1% to \$63.1 million.

Non-GAAP operating income rose 10.5% to \$503.2 million year over year. The operating margin came in at 41.3% compared with the year-ago quarter's operating margin of 39.2%.

### ZM's Balance Sheet & Cash Flow

Total cash, cash equivalents, and marketable securities as of July 31, 2025, were \$7.8 billion, which remained unchanged from the previous quarter.

Net cash provided by operating activities was \$515.9 million for the fiscal second quarter, compared with \$449.3 million in the year-ago quarter. Free cash flow was \$508 million, compared with \$365.1 million in the year-ago quarter.

### ZM's Q3 & FY26 Guidance

Zoom expects third-quarter fiscal 2026 revenues between \$1.210 billion and \$1.215 billion.

Non-GAAP income from operations is expected to be between \$465 million and \$470 million.

Non-GAAP earnings per share are expected in the range of \$1.42-\$1.44.

For fiscal 2026, Zoom expects revenues in the range of \$4.825-\$4.835 billion.

Non-GAAP income from operations is expected to be between \$1.905 billion and \$1.915 billion.

Non-GAAP earnings per share are expected in the band of \$5.81-\$5.84.

## Recent News

On Nov. 5, Zoom announced major updates to its Zoom Up Partner Program, including the introduction of a fixed annual evaluation cycle. Partners will now be assessed on separate, tailored tracks, ensuring measurement and rewards are relevant to their specific business models.

On Nov. 4, Zoom announced a major step in its UK growth strategy with plans of opening a UK data center in 2026, designed to deliver local infrastructure with AI first productivity tools, and compliance focused services to empower UK businesses and public sector organizations.

On Oct. 28, Zoom Communications, Inc. announced a partnership with NVIDIA Corporation to integrate NVIDIA's Nemotron tech into Zoom's AI Companion 3.0—introducing a hybrid model stack for scalable, efficient enterprise AI.

On Oct. 13, Zoom Communications announced a strategic go-to-market partnership with Oracle to deploy Zoom CX on Oracle Cloud Infrastructure, aiming to enable enterprises with unified, AI-driven omnichannel customer engagement.

On Oct. 9, Zoom Communications, Inc. announced that its AI-first cloud phone system, Zoom Phone, has surpassed 10 million seats globally, marking a major milestone in modernizing business communications.

On Sept. 17, Zoom Communications announced AI Companion 3.0 at Zoomtopia, introducing agentic AI across its platform with features like context-aware search, unified note-taking and a custom agent builder.

On Sept. 10, Zoom Communications announced it had been recognized for the first time in the 2025 Gartner Magic Quadrant for Contact Center as a Service (CCaaS), citing its AI-first platform built three years after launching Zoom Contact Center in 2022.

## Valuation

Zoom shares are up 4.8% in the year-to-date period while down 0.9% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 10.4% in the year-to-date period, and the same in the Zacks Computer & Technology sector are up 27.5%. Over the past year, Zacks sub-industry is up 12% and the sector is up 27.7%.

The S&P 500 index is up 18% in the year-to-date period and up 16.3% in the past year.

The stock is currently trading at 5.04X forward 12-month sales, which compares to 4.94X for the Zacks sub-industry, 6.84X for the Zacks sector and 5.31X for the S&P 500 index.

Over the past five years, the stock has traded as high as 44.94X and as low as 3.62X, with a five-year median of 5X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$87 price target reflects 5.29X forward 12-month sales.

The table below shows summary valuation data for ZM

| Valuation Multiples - ZM |               |       |              |        |         |
|--------------------------|---------------|-------|--------------|--------|---------|
|                          |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/S F12M                 | Current       | 5.04  | 4.94         | 6.84   | 5.31    |
|                          | 5-Year High   | 44.94 | 6.09         | 7.4    | 5.52    |
|                          | 5-Year Low    | 3.62  | 3            | 4.25   | 3.84    |
|                          | 5-Year Median | 5     | 4.68         | 6.3    | 5.04    |
| EV/Sales TTM             | Current       | 3.6   | 5.92         | 8.36   | 5.39    |
|                          | 5-Year High   | 68.95 | 7.1          | 8.36   | 5.81    |
|                          | 5-Year Low    | 2.07  | 2.57         | 4.17   | 3.78    |
|                          | 5-Year Median | 3.7   | 5.04         | 6.89   | 5.08    |

As of 11/10/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 27% (64 out of 243)



## Top Peers<sup>(1)</sup>

| Company (Ticker)                | Rec     | Rank |
|---------------------------------|---------|------|
| Alight, Inc. (ALIT)             | Neutral | 4    |
| Diebold Nixdorf, Inc. (DBD)     | Neutral | 3    |
| Fortinet, Inc. (FTNT)           | Neutral | 3    |
| Pinterest, Inc. (PINS)          | Neutral | 4    |
| Snap Inc. (SNAP)                | Neutral | 2    |
| Atlassian Corporation... (TEAM) | Neutral | 2    |
| Toast, Inc. (TOST)              | Neutral | 3    |
| Twilio Inc. (TWLO)              | Neutral | 3    |

## Industry Comparison<sup>(1)</sup> Industry: Internet - Software

|                                  | ZM        | X Industry | S&P 500   | SNAP       | TOST      | TWLO      |
|----------------------------------|-----------|------------|-----------|------------|-----------|-----------|
| Zacks Recommendation (Long Term) | Neutral   | -          | -         | Neutral    | Neutral   | Neutral   |
| Zacks Rank (Short Term)          | 2         | -          | -         | 2          | 3         | 3         |
| VGM Score                        | B         | -          | -         | B          | B         | B         |
| Market Cap                       | 25.64 B   | 775.42 M   | 38.24 B   | 13.34 B    | 18.13 B   | 19.21 B   |
| # of Analysts                    | 9         | 4          | 22        | 7          | 3         | 8         |
| Dividend Yield                   | 0.00%     | 0.00%      | 1.45%     | 0.00%      | 0.00%     | 0.00%     |
| Value Score                      | C         | -          | -         | D          | D         | D         |
| Cash/Price                       | 0.31      | 0.13       | 0.04      | 0.23       | 0.11      | 0.12      |
| EV/EBITDA                        | 10.44     | 4.83       | 14.44     | -28.29     | 108.37    | 106.52    |
| PEG Ratio                        | 5.58      | 1.91       | 2.20      | 1.12       | NA        | 1.31      |
| Price/Book (P/B)                 | 2.76      | 3.31       | 3.39      | 5.96       | 9.00      | 2.43      |
| Price/Cash Flow (P/CF)           | 19.93     | 24.14      | 15.00     | NA         | 112.69    | 52.20     |
| P/E (F1)                         | 14.90     | 29.98      | 20.01     | 24.25      | 33.96     | 26.05     |
| Price/Sales (P/S)                | 5.33      | 3.86       | 3.04      | 2.31       | 3.09      | 3.92      |
| Earnings Yield                   | 6.86%     | 2.65%      | 4.97%     | 4.12%      | 2.95%     | 3.84%     |
| Debt/Equity                      | 0.00      | 0.00       | 0.57      | 1.57       | 0.00      | 0.13      |
| Cash Flow (\$/share)             | 4.30      | 0.05       | 8.99      | -0.25      | 0.31      | 2.45      |
| Growth Score                     | B         | -          | -         | A          | A         | A         |
| Hist. EPS Growth (3-5 yrs)       | 2.13%     | 14.47%     | 8.16%     | NA         | NA        | NA        |
| Proj. EPS Growth (F1/F0)         | 4.87%     | 31.01%     | 8.41%     | 10.34%     | 3,366.67% | 31.06%    |
| Curr. Cash Flow Growth           | 15.77%    | -17.35%    | 7.00%     | -58.29%    | -196.71%  | 151.84%   |
| Hist. Cash Flow Growth (3-5 yrs) | 75.47%    | 15.15%     | 7.31%     | 9.21%      | 22.23%    | 41.37%    |
| Current Ratio                    | 4.45      | 1.58       | 1.19      | 3.67       | 2.74      | 4.68      |
| Debt/Capital                     | 0.00%     | 4.32%      | 38.15%    | 61.05%     | 0.00%     | 11.16%    |
| Net Margin                       | 33.17%    | -1.00%     | 12.82%    | -8.60%     | 4.68%     | 1.37%     |
| Return on Equity                 | 12.20%    | 2.19%      | 17.00%    | -21.61%    | 15.77%    | 3.36%     |
| Sales/Assets                     | 0.43      | 0.59       | 0.53      | 0.76       | 2.19      | 0.50      |
| Proj. Sales Growth (F1/F0)       | 3.50%     | 3.66%      | 5.75%     | 10.30%     | 23.80%    | 12.40%    |
| Momentum Score                   | A         | -          | -         | C          | C         | B         |
| Daily Price Chg                  | 1.28%     | 1.27%      | 0.30%     | 0.52%      | 3.96%     | -1.27%    |
| 1 Week Price Chg                 | 8.05%     | 2.97%      | 0.54%     | -0.13%     | 0.71%     | 7.56%     |
| 4 Week Price Chg                 | 2.48%     | -2.96%     | 0.79%     | 4.93%      | -9.87%    | -2.50%    |
| 12 Week Price Chg                | 2.23%     | -10.24%    | 4.86%     | 8.65%      | -11.86%   | 22.90%    |
| 52 Week Price Chg                | 2.38%     | -14.29%    | 12.54%    | -39.30%    | -7.79%    | 16.53%    |
| 20 Day Average Volume            | 3,344,450 | 779,906    | 2,772,021 | 50,555,296 | 7,993,846 | 1,737,471 |
| (F1) EPS Est 1 week change       | 0.00%     | 0.00%      | 0.00%     | 0.00%      | 0.00%     | 0.00%     |
| (F1) EPS Est 4 week change       | 5.45%     | 0.00%      | 0.06%     | 23.53%     | 17.76%    | 0.00%     |
| (F1) EPS Est 12 week change      | 7.88%     | 2.31%      | 0.62%     | 24.00%     | 11.73%    | 12.67%    |
| (Q1) EPS Est Mthly Chg           | 8.03%     | 0.00%      | 0.00%     | 46.67%     | 12.50%    | 0.00%     |

## Analyst Earnings Model<sup>(2)</sup>

### Zoom Video Communications, Inc. (ZM)

In \$MM, except per share data

|   | 2022A        | 2023A        | 2024A        | 2025A        | 1Q        | 2Q        | 2026E     | 3Q        | 4Q        | FY        | 1Q        | 2Q        | 2027E     | 3Q        | 4Q        | FY | 2028E  |
|---|--------------|--------------|--------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----|--------|
| FY Ends January 31st  | FY<br>Jan-22 | FY<br>Jan-23 | FY<br>Jan-24 | FY<br>Jan-25 | 30-Apr-25 | 31-Jul-25 | 31-Oct-25 | 31-Jan-26 | Jan-26    |           | 30-Apr-26 | 31-Jul-26 | 31-Oct-26 | 31-Jan-27 | Jan-27    |    | Jan-28 |
| Income Statement  |              |              |              |              |           |           |           |           |           |           |           |           |           |           |           |    |        |
| Total Revenue   | \$4,099.9    | \$4,393.0    | \$4,527.2    | \$4,665.4    | \$1,174.7 | \$1,217.2 | \$1,212.2 | \$1,223.0 | \$4,827.1 | \$1,208.8 | \$1,210.9 | \$1,239.4 | \$1,261.6 | \$4,920.7 | \$5,053.5 |    |        |
| YoY % Chng  | 54.6%        | 7.1%         | 3.1%         | 3.1%         | 2.9%      | 4.7%      | 2.9%      | 3.3%      | 3.5%      | 2.9%      | (0.5%)    | 2.2%      | 3.2%      | 1.9%      | 2.7%      |    |        |
| Cost of Revenue, Non-GAAP                                       | \$977.9      | \$912.9      | \$908.3      | \$984.9      | \$244.6   | \$245.4   | \$258.4   | \$269.9   | \$1,018.4 | \$265.3   | \$266.1   | \$276.7   | \$287.4   | \$1,095.4 | \$1,166.9 |    |        |
| YoY % Chng  | 24.6%        | (6.6%)       | (0.5%)       | 8.4%         | 3.6%      | (1.6%)    | 3.9%      | 7.7%      | 3.4%      | 8.4%      | 8.4%      | 7.1%      | 6.5%      | 7.6%      | 6.5%      |    |        |
| Cost of Revenue, GAAP   | \$1,054.6    | \$1,100.5    | \$1,077.8    | \$1,129.6    | \$278.4   | \$273.2   | \$285.2   | \$287.2   | \$1,124.0 | \$281.5   | \$279.6   | \$288.1   | \$293.6   | \$1,142.8 | \$1,170.2 |    |        |
| YoY % Chng  | 28.3%        | 4.4%         | (2.1%)       | 4.8%         | 1.9%      | (4.2%)    | 0.5%      | (0.1%)    | (0.5%)    | 1.1%      | 2.3%      | 1.0%      | 2.2%      | 1.7%      | 2.4%      |    |        |
| Gross Profit, Non-GAAP  | \$3,122.0    | \$3,480.0    | \$3,618.9    | \$3,680.5    | \$930.1   | \$971.8   | \$953.7   | \$953.1   | \$3,808.7 | \$943.6   | \$944.8   | \$962.7   | \$974.2   | \$3,825.3 | \$3,886.6 |    |        |
| YoY % Chng  | 67.3%        | 11.5%        | 4.0%         | 1.7%         | 2.8%      | 6.4%      | 2.7%      | 2.1%      | 3.5%      | 1.4%      | (2.8%)    | 0.9%      | 2.2%      | 0.4%      | 1.6%      |    |        |
| Gross Profit, GAAP  | \$3,045.3    | \$3,292.5    | \$3,449.4    | \$3,535.8    | \$896.3   | \$944.1   | \$927.0   | \$935.8   | \$3,703.1 | \$927.3   | \$931.4   | \$951.3   | \$967.9   | \$3,777.9 | \$3,883.2 |    |        |
| YoY % Chng  | 66.5%        | 8.1%         | 4.8%         | 2.5%         | 3.3%      | 7.6%      | 3.7%      | 4.3%      | 4.7%      | 3.5%      | (1.3%)    | 2.6%      | 3.4%      | 2.0%      | 2.8%      |    |        |
| Research and Development, Non-GAAP                              | \$235.4      | \$393.5      | \$430.1      | \$500.2      | \$127.1   | \$133.8   | \$141.4   | \$147.7   | \$550.0   | \$147.3   | \$148.1   | \$153.0   | \$160.3   | \$608.7   | \$650.2   |    |        |
| YoY % Chng  | 122.6%       | 67.2%        | 9.3%         | 16.3%        | 8.9%      | 10.9%     | 9.0%      | 11.0%     | 10.0%     | 15.9%     | 10.7%     | 8.2%      | 8.6%      | 10.7%     | 6.8%      |    |        |
| Research and Development, GAAP                                  | \$363.0      | \$774.1      | \$803.2      | \$852.4      | \$205.4   | \$206.4   | \$217.3   | \$216.2   | \$845.4   | \$210.5   | \$210.6   | \$218.2   | \$221.1   | \$860.4   | \$880.2   |    |        |
| YoY % Chng  | 121.2%       | 113.2%       | 3.8%         | 6.1%         | (0.1%)    | (0.1%)    | (2.5%)    | (0.4%)    | (0.8%)    | 2.5%      | 2.0%      | 0.4%      | 2.3%      | 1.8%      | 2.3%      |    |        |
| Sales and Marketing, Non-GAAP                                   | \$890.5      | \$1,153.7    | \$1,116.4    | \$1,090.3    | \$271.8   | \$271.6   | \$280.1   | \$281.1   | \$1,104.6 | \$278.5   | \$276.8   | \$285.0   | \$289.8   | \$1,130.1 | \$1,160.3 |    |        |
| YoY % Chng  | 69.1%        | 29.5%        | (3.2%)       | (2.3%)       | 2.7%      | 0.2%      | 0.8%      | 1.5%      | 1.3%      | 2.4%      | 1.9%      | 1.8%      | 3.1%      | 2.3%      | 2.7%      |    |        |
| Sales and Marketing, GAAP                                       | \$1,136.0    | \$1,696.6    | \$1,541.3    | \$1,427.4    | \$347.0   | \$339.0   | \$355.2   | \$354.0   | \$1,395.2 | \$344.6   | \$342.1   | \$352.7   | \$356.3   | \$1,395.7 | \$1,405.8 |    |        |
| YoY % Chng  | 65.9%        | 49.4%        | (9.2%)       | (7.4%)       | (0.3%)    | (0.3%)    | (1.4%)    | (1.4%)    | (2.3%)    | (0.7%)    | 0.9%      | (0.7%)    | 0.6%      | 0.0%      | 0.7%      |    |        |
| General and Administrative, Non-GAAP                            | \$338.9      | \$353.8      | \$297.6      | \$252.2      | \$63.9    | \$63.1    | \$62.8    | \$55.4    | \$245.2   | \$63.3    | \$58.5    | \$61.3    | \$55.3    | \$238.3   | \$225.5   |    |        |
| YoY % Chng  | 35.1%        | 4.4%         | (15.9%)      | (15.3%)      | (4.9%)    | (4.1%)    | (1.1%)    | (0.6%)    | (1.0%)    | (1.0%)    | (7.3%)    | (2.4%)    | (0.1%)    | (2.8%)    | (5.4%)    |    |        |
| General and Administrative, GAAP                                | \$482.8      | \$576.4      | \$579.7      | \$442.7      | \$102.3   | \$76.9    | \$100.1   | \$93.4    | \$372.7   | \$91.0    | \$87.6    | \$92.5    | \$91.7    | \$362.9   | \$356.9   |    |        |
| YoY % Chng  | 50.6%        | 19.4%        | 0.6%         | (23.6%)      | (8.1%)    | (28.8%)   | (2.3%)    | (15.8%)   | (11.0%)   | (11.0%)   | (7.5%)    | (7.5%)    | (1.9%)    | (2.6%)    | (1.6%)    |    |        |
| Total Operating Expenses, Non-GAAP                              | \$1,464.8    | \$1,901.0    | \$1,844.1    | \$1,842.6    | \$462.8   | \$468.6   | \$484.3   | \$484.1   | \$1,899.7 | \$489.0   | \$483.4   | \$499.2   | \$505.4   | \$1,977.1 | \$2,036.0 |    |        |
| YoY % Chng  | 65.8%        | 29.8%        | (3.0%)       | (0.1%)       | 3.2%      | 2.4%      | 2.8%      | 4.0%      | 3.1%      | 5.7%      | 3.2%      | 3.1%      | 4.4%      | 4.1%      | 3.0%      |    |        |
| Total Operating Expenses, GAAP                                  | \$1,981.7    | \$3,047.1    | \$2,924.1    | \$2,722.5    | \$654.7   | \$622.3   | \$672.6   | \$663.7   | \$2,613.3 | \$646.2   | \$640.4   | \$663.4   | \$669.1   | \$2,619.0 | \$2,642.9 |    |        |
| YoY % Chng  | 69.4%        | 53.8%        | (4.0%)       | (6.9%)       | (1.5%)    | (7.8%)    | (5.4%)    | (1.2%)    | (1.3%)    | 2.9%      | (1.4%)    | 0.8%      | 0.2%      | 0.9%      | 0.9%      |    |        |
| Depreciation & Amortization                                     | \$48.2       | \$82.3       | \$104.5      | \$122.6      | \$35.3    | \$32.2    | \$34.3    | \$34.8    | \$136.6   | \$34.2    | \$33.8    | \$35.0    | \$35.6    | \$138.6   | \$142.3   |    |        |
| YoY % Chng  | 67.0%        | 70.8%        | 26.9%        | 17.4%        | 32.4%     | 11.4%     | 6.2%      | 0.7%      | (3.1%)    | 5.0%      | 2.1%      | 2.2%      | 1.9%      | 2.7%      |           |    |        |
| EBITDA  | \$1,705.3    | \$1,661.4    | \$1,879.3    | \$1,960.5    | \$502.6   | \$535.4   | \$503.8   | \$503.8   | \$2,045.6 | \$488.7   | \$495.2   | \$498.5   | \$504.4   | \$1,986.8 | \$1,993.0 |    |        |
| YoY % Chng  | 68.5%        | (2.6%)       | 13.1%        | 4.3%         | 4.0%      | 10.5%     | 2.8%      | 0.2%      | 4.3%      | (2.8%)    | (7.8%)    | (1.0%)    | 0.1%      | (2.9%)    | 0.3%      |    |        |
| Operating Income, Non-GAAP                                      | \$1,657.1    | \$1,579.1    | \$1,774.9    | \$1,837.9    | \$467.3   | \$503.2   | \$469.5   | \$468.9   | \$1,909.0 | \$454.5   | \$461.4   | \$463.5   | \$468.8   | \$1,848.2 | \$1,850.6 |    |        |
| YoY % Chng  | 68.5%        | (4.7%)       | 12.4%        | 3.5%         | 2.3%      | 10.5%     | 2.6%      | 0.2%      | 3.9%      | (2.7%)    | (8.3%)    | (1.3%)    | (0.0%)    | (3.2%)    | 0.1%      |    |        |
| Operating Income, GAAP  | \$1,063.6    | \$245.4      | \$525.3      | \$813.3      | \$241.6   | \$321.7   | \$254.4   | \$272.1   | \$1,089.7 | \$281.1   | \$291.0   | \$287.9   | \$298.9   | \$1,158.9 | \$1,240.3 |    |        |
| YoY % Chng  | 61.2%        | (76.9%)      | 114.0%       | 54.8%        | 19.0%     | 59.0%     | 39.1%     | 20.9%     | 34.0%     | 16.4%     | (9.6%)    | 13.2%     | 9.9%      | 6.3%      | 7.0%      |    |        |
| (Losses) Gains on Strategic Investments, Net                    | \$43.8       | \$(37.6)     | \$109.8      | \$177.1      | \$(13.6)  | \$45.1    | \$47.8    | \$58.7    | \$137.9   | \$34.1    | \$46.2    | \$47.6    | \$48.2    | \$176.1   | \$187.2   |    |        |
| YoY % Chng  |              | (185.9%)     | 392.2%       | 61.4%        | (178.5%)  | 1,350.1%  | 656.1%    | (61.0%)   | (22.1%)   | 350.4%    | 2.6%      | (0.3%)    | (17.9%)   | 27.7%     | 6.3%      |    |        |
| Other Income (Expense), Net                                     | \$(5.7)      | \$41.4       | \$197.3      | \$325.1      | \$87.8    | \$81.4    | \$71.0    | \$70.8    | \$310.9   | \$73.1    | \$75.0    | \$74.0    | \$75.7    | \$297.9   | \$321.9   |    |        |
| YoY % Chng  | (131.5%)     | 824.1%       | 376.3%       | 64.8%        | 22.6%     | (6.9%)    | (22.2%)   | (5.5%)    | (4.4%)    | (16.7%)   | (7.8%)    | 4.2%      | 7.0%      | (4.2%)    | 8.1%      |    |        |
| Pre-Tax Income, Non-GAAP  | \$1,651.4    | \$1,620.5    | \$1,972.2    | \$2,163.0    | \$555.1   | \$584.6   | \$540.5   | \$539.7   | \$2,219.9 | \$527.6   | \$536.4   | \$537.5   | \$544.5   | \$2,146.1 | \$2,172.5 |    |        |
| YoY % Chng  | 64.9%        | (1.9%)       | 21.7%        | 9.7%         | 5.1%      | 7.7%      | (1.6%)    | (0.6%)    | 2.6%      | (4.9%)    | (8.2%)    | (0.6%)    | 0.9%      | (3.3%)    | 1.2%      |    |        |
| Pre-Tax Income, GAAP  | \$1,101.6    | \$249.3      | \$832.3      | \$1,315.6    | \$315.8   | \$448.2   | \$373.2   | \$401.5   | \$1,538.6 | \$388.4   | \$412.2   | \$409.6   | \$422.8   | \$1,632.9 | \$1,749.4 |    |        |
| YoY % Chng  | 62.5%        | (77.4%)      | 233.9%       | 58.1%        | 8.2%      | 53.0%     | 3.3%      | (10.8%)   | 17.0%     | 23.0%     | (8.0%)    | 9.8%      | 5.3%      | 6.1%      | 1.1%      |    |        |
| Income Tax, Non-GAAP  | \$102.3      | \$291.5      | \$355.9      | \$418.3      | \$106.8   | \$113.3   | \$104.9   | \$104.7   | \$429.7   | \$102.4   | \$104.1   | \$104.3   | \$105.6   | \$416.3   | \$421.5   |    |        |
| YoY % Chng  | 1,688.4%     | 185.1%       | 22.1%        | 17.5%        | 4.9%      | 6.3%      | (8.0%)    | 9.2%      | 2.7%      | (4.2%)    | (8.1%)    | (0.6%)    | 0.9%      | (3.1%)    | 1.2%      |    |        |
| Income Tax, GAAP  | \$(274.0)    | \$145.6      | \$194.9      | \$305.3      | \$61.2    | \$89.6    | \$74.6    | \$80.3    | \$305.7   | \$77.7    | \$82.4    | \$81.9    | \$84.6    | \$326.6   | \$349.9   |    |        |
| YoY % Chng  | (4,892.0%)   | 153.1%       | 33.9%        | 56.7%        | (19.2%)   | 21.2%     | 1.7%      | (2.6%)    | 0.1%      | 27.0%     | (8.0%)    | 9.8%      | 5.3%      | 6.8%      | 7.1%      |    |        |
| Tax Rate, Non-GAAP  | 6.2%         | 18.0%        | 18.0%        | 19.3%        | 19.2%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     | 19.4%     |    |        |
| Tax Rate, GAAP  | (24.9%)      | 58.4%        | 23.4%        | 23.4%        | 19.4%     | 20.0%     | 20.0%     | 20.0%     | 19.9%     | 20.0%     | 20.0%     | 20.0%     | 20.0%     | 20.0%     | 20.0%     |    |        |
| Undistributed Earnings Attributable to Participating Securities | \$0.6        | \$(0.0)      | \$0.0        | \$0.0        | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     | \$0.0     |    |        |
| YoY % Chng  | (26.2%)      | (101.2%)     |              |              |           |           |           |           |           |           |           |           |           |           |           |    |        |
| Net Income, Non-GAAP  | \$1,549.1    | \$1,329.0    | \$1,608.0    | \$1,744.8    | \$448.3   | \$471.3   | \$435.6   | \$435.0   | \$1,790.2 | \$425.3   | \$432.4   | \$433.2   | \$438.9   | \$1,729.7 | \$1,751.0 |    |        |
| YoY % Chng  | 55.6%        | (14.2%)      | 21.0%        | 8.5%         | 5.2%      | 8.0%      | 0.1%      | (2.7%)    | 2.6%      | (5.1%)    | (8.3%)    | (0.6%)    | 0.9%      | (3.4%)    | 1.2%      |    |        |
| Net Income, GAAP  | \$1,375.1    | \$103.7      | \$637.5      | \$1,010.2    | \$254.6   | \$358.6   | \$298.5   | \$321.2   | \$1,232.9 | \$310.7   | \$329.8   | \$327.7   | \$338.2   | \$1,306.3 | \$1,399.5 |    |        |
| YoY % Chng  | 104.8%       | (92.5%)      | 514.7%       | 58.5%        | 17.7%     | 63.7%     | 44.2%     | (12.7%)   | 22.0%     | 22.0%     | (8.0%)    | 9.8%      | 5.3%      | 6.0%      | 7.1%      |    |        |
| Basic Shares Outstanding  | 296.3        | 296.6        | 300.7        | 308.0        | 304.9     | 301.8     | 300.6     | 297.5     | 301.2     | 294.3     | 291.2     | 288.0     | 284.9     | 289.6     | 277.0     |    |        |
| YoY % Chng  | 4.4%         | 0.1%         | 1.4%         | 2.4%         | (1.2%)    | (2.3%)    | (2.2%)    | (3.0%)    | (4.2%)    | (3.0%)    | (3.5%)    | (4.2%)    | (4.2%)    | (4.3%)    | (4.4%)    |    |        |
| Diluted Shares Outstanding                                      | 305.8        | 304.2        | 308.5        | 315.1        | 312.8     | 308.2     | 307.1     | 303.9     | 308.0     | 300.8     | 297.6     | 294.5     | 291.3     | 296.0     | 283.4     |    |        |
| YoY % Chng  | 2.6%         | (0.5%)       | 1.4%         | 2.1%         | (0.8%)    | (1.8%)    | (2.3%)    | (4.0%)    | (2.2%)    | (3.8%)    | (3.4%)    | (4.1%)    | (4.1%)    | (3.9%)    | (4.3%)    |    |        |
| Basic EPS   | \$4.64       | \$0.35       | \$2.12       | \$3.28       | \$0.84    |           |           |           |           |           |           |           |           |           |           |    |        |



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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

|                |   |
|----------------|---|
| Value Score    | C |
| Growth Score   | B |
| Momentum Score | A |
| VGM Score      | B |

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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