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WEALTH PRESERVATION EQUITY RESEARCH

CVLT

Commvault Systems, Inc.

RECOMMENDATION

BUY

Current Price	**$75.00**
Fair Value (Base)	**$116.00**
Margin of Safety	**35.3%**
WP Score	**81 / 100**
Expected Return	**14.7% CAGR**
Bear Case Return	**+2.9% CAGR**

Debt-free cyber resilience leader trading at a 5-year valuation trough with $1B in cash, 18%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

Report Date: March 30, 2026

Exchange: NASDAQ | Sector: Technology | Industry: Software - Application

Analyst: Moschovakis Capital Research

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EXECUTIVE SUMMARY

Metric	Value
Recommendation	**BUY**
Current Price	$75.00
Fair Value (Base Case)	$116.00
Margin of Safety	35.3%
Target Entry Price	$75.00 (at current level)

Return Profile	Value
Dividend Yield	0.0% (no dividend)
Expected Price Appreciation	16.6% CAGR
Total Expected Return (Base)	16.6% CAGR
Bear Case Total Return	+2.9% CAGR
Bull Case Total Return	+22.8% CAGR
Probability-Weighted Return	14.7% CAGR

Risk Assessment	Value
Wealth Preservation Score	**81 / 100**
Downside Protection Score	75 / 100
Return Adequacy Score	100 / 100
Quality Score	70 / 100
Risk Level	MODERATE
Probability of >50% Loss	<5%
Recession Profile	SENSITIVE

One-Line Thesis:

Commvault is a debt-free cyber resilience leader with $1B+ in cash, 18%+ revenue growth, and strong free cash flow generation. At $75, the stock trades near its 52-week low at ~18x forward non-GAAP earnings after a 63% drawdown from its all-time high, offering asymmetric risk/reward where even the bear case preserves capital.

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BUSINESS QUALITY

Business Model: Commvault provides enterprise-grade data protection, backup, recovery, and cyber resilience software and SaaS across hybrid and multi-cloud environments. Revenue comes from subscription licenses (term-based + SaaS), legacy perpetual licenses, customer support, and professional services. The company serves over 100,000 instances globally, including a significant share of the Fortune 500.

WEALTH PRESERVATION EQUITY RESEARCH

Moat Type	Evidence	Durability	WP Value
Switching Costs	Enterprise backup infrastructure deeply embedded in IT stack	9/10	Excellent
Platform Breadth	800+ data sources, 100+ cloud targets, broadest coverage	8/10	Excellent
Patents/IP	1,600+ patents in deduplication, indexing, tiering	7/10	Good
Brand/Trust	Gartner MQ Leader 13 consecutive years	8/10	Excellent

Market Position: Commvault is one of five Gartner Magic Quadrant Leaders in Backup and Data Protection (alongside Veeam, Rubrik, Cohesity, and Dell). The company differentiates through the broadest workload coverage in the industry and a unified code base that spans on-premises, cloud, and hybrid environments. The $24B data protection market is growing at 12% CAGR toward $38B by 2028, driven by escalating ransomware threats, multi-cloud adoption, AI data workloads, and regulatory compliance requirements.

Pricing Power: STRONG. Commvault's SaaS Net Dollar Retention Rate of 121% confirms the company can expand revenue within its existing customer base. Enterprise data protection is mission-critical and carries high switching costs, giving vendors pricing leverage.

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FINANCIAL FORT

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nce Sheet Strength

Metric	Value	Threshold	Assessment
Debt/Equity	0.00x	<1.0x	PASS
Total Debt	$0	N/A	Debt-Free
Cash & Equivalents	$1,026M	N/A	Fortress
Interest Coverage	N/A (no debt)	>5.0x	PASS
Current Ratio	2.34x	>1.5x	PASS
FCF Positive (5Y)	5/5	5/5	PASS

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Solvency Verdict: FORTRESS

Commvault Systems, Inc.

Commvault's balance sheet is a fortress. The company has been debt-free for over five years. The $1.026B cash position exceeds the company's entire annual revenue run rate. In a 30% revenue decline stress test, the company would remain solvent with no need for external financing, no debt covenants to breach, and sufficient cash to continue operations and buybacks for years.

RECOMMENDATION

Profitability Metrics

B U Y

Current Price **$75.00**

Fair Value (Base) **$116.00**

Metric	Current (TTM)	FY2025	FY2024	Trend
Revenue	$1.15B	$996M	$839M	▲
Gross Margin (Non-GAAP)	81.5%	82.4%	82.0%	■
EBIT Margin (Non-GAAP)	19.6%	21.1%	21.1%	▼
FCF Margin	~19%	20.5%	23.8%	▼
Non-GAAP EPS (TTM)	~$4.03	$3.80	$3.59	▲
ROIC	>100%	>80%	>50%	▲

Debt
18%

ROIC appears extremely high because Commvault operates as an asset-light software business with minimal tangible invested capital. The relevant profitability metric is free cash flow margin, which sits at ~19-20% and has declined modestly as the company invests in SaaS platform scaling. Non-GAAP EBIT margins are guided to 19-20% for FY2026, reflecting the trade-off between growth investment and profitability.

Shares outstanding have declined from ~46.7M (FY2022) to ~44.0M (current), a reduction of approximately 5.8% over four years. The company repurchased $184M in FY2024, $41M in Q3 FY2026 alone, and the board authorized a fresh $250M buyback in January 2026. This is capital allocation that benefits shareholders. Stock-based compensation is the primary headwind: GAAP net income significantly trails non-GAAP due to SBC charges, which is standard for mid-cap software companies but reduces GAAP EPS.

Dilution Assessment: EXCELLENT (net share count declining)

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DIVIDEND ANALYSIS

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WEALTH PRESERVATION EQUITY RESEARCH

Commvault Systems, Inc. (CVLT)

Income Reliability: 0 / 30 points (structural penalty for zero dividend)

Commvault does not pay a dividend. The company returns capital to shareholders exclusively through share repurchases. Under the Wealth Preservation Framework, this creates a structural penalty of up to 30 points in the Income Reliability sub-score within the Quality pillar.

The absence of a dividend means investors receive zero income floor during drawdowns. In a prolonged bear market, a dividend-paying stock provides return-on-cost that cushions total return calculations. Commvault's buyback program can partially compensate by reducing share count and increasing per-share economics, but buybacks do not provide the same behavioral anchoring or cash return that dividends offer.

Metric	Value	Assessment
Current Yield	0.0%	No dividend
Payout Ratio	N/A	N/A
Capital Return Method	Buybacks ($184M FY24)	Active, well-executed
New Authorization	$250M (Jan 2026)	Management commitment
Dividend Sustainability	N/A	**Not Applicable**

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VALUATION ANALYSIS

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Metric	Current	5Y Avg	vs. History
P/E (GAAP, TTM)	~39x	~45x	Below avg
P/E (Non-GAAP, Forward)	~18x	~28x	**Deep discount**
EV/EBITDA	~32x	~40x	Below avg
P/FCF	~15x	~25x	**Deep discount**
P/S	~2.9x	~5.5x	**Deep discount**
EV/Revenue	~2.2x	~5.0x	**Deep discount**

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Commvault Systems, Inc.

Method 1 — Non-GAAP Earnings Multiple: Non-GAAP EPS FY2026E: ~$4.20. Fair P/E for an 18% grower with [illegible]: $92 - $105. Midpoint: $99.

Method 2 — FCF Yield: FCF FY2026E: ~$217M. Shares: 44M. FCF/share: $4.93. At a 4% FCF yield (25x P/FCF, appropriate for quality growth): Fair value: $123. At a 5% FCF yield (20x P/FCF, conservative): Fair value: $99.

Method 3 — EV/Revenue: FY2026E revenue: $1.18B. Fair EV/Revenue for profitable 18%-growth SaaS/subscription: 4.0-5.0x. EV range: $4.7B - $5.9B. Less net cash ($1.0B). Equity value: $3.7B - $4.9B. Per share: $84 - $111. Midpoint: $98.

Blended Fair Value: $100 (conservative) to $116 (base). At $75, the margin of safety is 25% to the conservative estimate and 35% to the base estimate.

Valuation Verdict: ATTRACTIVE | Margin of Safety: 25-35%

The stock trades at multi-year valuation lows on every metric. The forward non-GAAP P/E at ~18x is the cheapest the stock has been since 2022, pricing in growth deceleration that has not materialized in the fundamentals. Analyst consensus maintains a $148 price target, implying 97% upside.

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SCENARIO ANALYSIS

Scenario	Rev CAGR	EBIT Margin	Terminal P/E	10Y Price	Total CAGR	Weight
Bear	5%	20%	15x	$100	+2.9%	25%
Base	12%	25%	20x	$348	+16.6%	50%
Bull	15%	28%	22x	$587	+22.8%	25%

CVLT

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Metric	Value	Assessment
Bear Case Total Return	+2.9% CAGR	**Capital Preserved**
Bear Case Price (10Y)	$100	33% upside from $75
Max Estimated Drawdown	~15% (to ~$64)	Tolerable
Probability of >50% Perm. Loss	<5%	**PASS**

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RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	1	None	Debt-free, $1B cash
Earnings Volatility	5	GAAP EPS volatile due to SBC	Non-GAAP and FCF are stable
Competitive Threat	6	Rubrik, Veeam, Cohesity-Veritas	Broadest coverage, 1600 patents
Regulatory Risk	2	Data sovereignty regulations	Products help compliance
Management Risk	4	CEO comp high ($18.8M), CFO transition	7-year tenure, aligned
Valuation Risk	3	GAAP PE still elevated	Non-GAAP PE at 5Y low
Growth Deceleration	5	SaaS ARR growth slowing	Still 40% growth, market expanding
Aggregate Risk	**3.7**		

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Commvault Systems, Inc.

Commvault IPO'd in 2006 and has traded through the 2008-09 financial crisis and the 2020 COVID drawdown. Data protection spending is relatively non-discretionary because enterprises cannot suspend backup operations. However, software purchasing decisions can be deferred during severe downturns, and the transition to subscription/SaaS reduces the impact of deal slippage on revenue recognition.

RECOMMENDATION

Current Price **$75.00**

Metric	2020 COVID	Assessment
Revenue Impact	Flat (FY2021 $724M vs FY2020 $711M)	Minimal
FCF Impact	$119M (FY2021) vs $84M (FY2020)	Improved
Stock Drawdown	~35% peak-to-trough	Moderate
Recovery Time	~8 months	Reasonable
Capital Raise Needed?	No	Strong

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13%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

Johnson Fistel and Kessler Topaz have filed securities law investigations following the 31% stock decline on January 27, 2026. These are standard ambulance-chaser filings that occur after any significant stock drop and should be assigned near-zero weight in the investment thesis. The company beat both revenue and EPS estimates; the sell-off was driven by growth deceleration concerns, not accounting fraud or misrepresentation. No restatement, no SEC enforcement action, no whistleblower complaints have been disclosed.

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MANAGEMENT & CAPITAL ALLOCATION

CEO: Sanjay Mirchandani

Attribute	Detail
Tenure	7+ years (since Feb 2019)
Background	VMware (SVP/GM Asia-Pacific), EMC (CIO), Puppet (CEO)
Total Compensation (FY2025)	$18.8M (96.6% equity-based)
Insider Ownership	~353K shares (~0.8% of float, ~$26M)
Recent Activity	Sold shares at $175-$179 (Aug 2025) under 10b5-1 plan

Mirchandani has transformed Commvault from a legacy backup vendor into a cloud-native cyber resilience platform company. Under his tenure, revenue has grown from ~$700M to ~$1.2B, the subscription mix has risen from ~40% to ~70% of revenue, and the company achieved $1B in ARR ahead of target. The CFO transition (Jen DiRico departing, Daniel Moloney promoted) bears monitoring but represents internal succession rather than a disruptive change.

Category	Assessment
Buybacks	Consistent and well-timed; $250M new authorization
Acquisitions	Satori Cyber (AI data security, Jul 2025), Clumio, Appranix — all strategic
Dividend	None — capital returned via buybacks
Debt Management	Zero debt maintained throughout growth phase
R&D; Investment	Continued innovation (Unity Platform, Cleanroom Recovery, AI)

Management Quality: GOOD | Capital Allocation: STRONG

CVLT

Commvault Systems, Inc.

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PEER COMPARISON

Commvault's direct public peer is Rubrik (RBRK). Veeam and Cohesity-Veritas are private. Dell's data protection division is a small fraction of a $96B revenue conglomerate and not meaningfully comparable.

Metric	CVLT	RBRK	Best for WP
Market Cap	$3.3B	$10.4B	CVLT (cheaper)
Revenue (TTM)	$1.15B	$1.19B	Comparable
Revenue Growth	19% YoY	49% YoY	RBRK (faster)
GAAP Profitability	Profitable	EBIT: -$343M	**CVLT**
FCF	$217M guided	Negative	**CVLT**
Debt	$0	$0	Tie
Cash	$1,026M	~$2B	Tie
Dividend	None	None	Tie
P/S	~2.9x	~8.7x	**CVLT**
Forward P/E (Non-GAAP)	~18x	~707x	**CVLT**
Gartner MQ Position	Leader	Leader	Tie

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RECOMMENDATION

BUY

Why Commvault for Wealth Preservation: Rubrik trades at 3x Commvault's valuation on similar revenue and is deeply unprofitable. Rubrik is a growth story that has already priced in rapid expansion to justify its premium. Commvault offers the same industry exposure with profitability, free cash flow, and a valuation that already prices in significant deceleration. For a wealth preservation mandate, the asymmetric setup is with Commvault.

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WEALTH PRESER

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nside Protection Score: 75 / 100 (Wei

Factor	Points	Rationale
Starting Base	50	Neutral starting point
Bear case total return positive	+15	+2.9% CAGR in bear case
Debt/Equity < 0.5x	+10	Zero debt
Dividend maintained through crises	+0	No dividend (N/A)
Max drawdown < 40%	+0	Current drawdown 63% from ATH
Current yield > 3%	+0	No dividend
Total	**75**	

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Commvault Systems, Inc.

Base case total return CAGR of 16.6% scores the maximum 100 points (>12% threshold).

RECOMMENDATION

Current Price **$75.00**

Quality Score: 70 / 100 (Weight: 2

Sub-Category	Points	Max	Detail
Balance Sheet Fortress	40	40	D/E 0x, coverage infinite, FCF 5/5
Income Reliability	0	30	Zero dividend = full penalty
Capital Efficiency	15	15	ROIC >15%, improving trend
Valuation	15	15	Trading < 25th percentile of 5Y range
Total	**70**	**100**	

Deb

18%+ reve

Component	Score	Weight	Contribution
Downside Protection	75	45%	33.8
Return Adequacy	100	30%	30.0
Quality	70	25%	17.5
WP COMPOSITE SCORE	**81**		**81.3 / 100**

Score Interpretation: EXCELLENT wealth preservation candidate (75+). High conviction position warranted.

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Condition	Action
Revenue growth below 8% for 2+ quarters	Reassess; consider sell if structural
SaaS NRR drops below 105%	Sell — indicates churn problem
Debt issuance > $500M	Reassess solvency; likely sell
EBIT margin drops below 15% without growth offset	Sell
Gartner MQ downgrade out of Leaders quadrant	Sell
Forward return falls below 7% (stock above $140)	Trim or sell
Better opportunity with 10+ point higher WP Score	Replace

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RECOMMENDATION: BUY

WEALTH PRESERVATION EQUITY RESEARCH

Position Size: Full position (high conviction, WP Score 81)

Entry Strategy: Market order at $75 current level; scale in on further weakness toward $65

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Metric	Base Case	Bear Case	Bull Case
Total Return CAGR	16.6%	2.9%	22.8%
Cumulative Return	364%	33%	668%
$100 Becomes	$464	$133	$768

vs. Alternatives

RECOMMENDATION

Current Price **$75.00**

Alternative	10Y Value of $100	Outperformance
HYSA (4%)	$148	—
S&P; 500 (~9%)	$237	—
CVLT (Base Case)	**$464**	**+$316 vs. HYSA**
CVLT (Prob-Weighted 14.7%)	**$397**	**+$249 vs. HYSA**

Bear Case Return **+2.9% CAGR**

Debt-free cyber resilience leader trading at a 5-year valuation trough with $1B in cash, 18%+ reven

Requirement	Result	Status
Bear case total return >= 0%	+2.9%	**PASS**
Base case total return >= 7%	16.6%	**PASS**
Solvency: FORTRESS or ADEQUATE	FORTRESS	**PASS**
Permanent loss probability < 10%	<5%	**PASS**
Interest coverage > 5x	Infinite (no debt)	**PASS**
D/E < 1.0x	0.0x	**PASS**

Downside Protection Summary

Bear case preserves capital (+2.9% CAGR) | Balance sheet provides safety (zero debt, $1B cash) | Buybacks provide per-share support

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