



## Bullish Positioning in C-Trip as Shares Sit on Key Support

**Ticker/Price:** CTRP (\$33.75)

### Analysis:

**C-Trip (CTRP)** with 300 December ITM calls bought this morning up to \$6.60 and now volume up to 600 on the day. CTRP saw put sales across the July \$35 and \$33 strikes last week, 2000 each, and recently buyers of 2,500 September \$39 calls and 1,500 September \$38 calls. Shares are back at recent support and YTD VPOC after trading up as high as \$46 in April. Shares are also basing for the last month above the 61.8% Fibonacci of the rally from the 2018 lows. The \$19.12B company trades 19.45X earnings, 4X sales, and 2.35X cash with 26.5% and 29.2% EPS growth and 19.4% and 18% revenue growth forecast through 2021 after re-accelerating higher last year. Margins are inflecting higher and plenty of room for expansion back near 2018 highs as they invest in tech and product. CTRP is coming off a strong quarter and a long runway with just 25% to 30% penetration in first-tier cities and less than 10% in lowered-tier cities. CTRP continues to see strong engagement with average spending per user growing 10% CAGR over the last five years. They are also heavily invested in MakeMyTrip, a big opportunity with India one of the largest and youngest growing markets globally where middle class emergence and Internet usage levels are in the early innings. Analysts have an average target for shares of \$43 with 14 buy ratings and 5 hold ratings. Mizuho upgrading to Buy in May with a \$55 PT. The firm thinks decreased competition along with an improved macro environment and yuan appreciation will drive both domestic and outbound travel. Short interest is 1.9% and back at its lowest level since 2019 and dropping nearly every month since early 2018. Hedge Fund ownership rose 6.2% last quarter. Tairen Capital, a small tech-focused fund, bought 1.88M shares last quarter and now their 5<sup>th</sup> largest.

### Hawk Vision:



**Trading Strategy:** CTRP looks vulnerable to a break lower still with China names out of favor, but if it can hold support and work out of this base it would be a constructive set-up as fundamentals appear strong.

**Confidence Ranking:** \$\$