



## Calls Accumulate in Bilibili into Quarterly Results

Ticker/Price: BILI (\$27.50)

### Analysis:

**Bilibili (BILI)** has been seen a lot of bullish options positions accumulate as well as showing impressive relative strength with earnings expected on 3-17. On 3/4 the August \$35 calls opened 2500X \$2.50 to \$2.65, the October \$20 puts sold to open 2500X, and October \$40 calls looked to add another 3000 to the 3000 opened on 3/3. BILI has over 10,000 March \$30 calls in open interest and plenty of April call open interest while short puts have also been popular. BILI options are currently pricing in a 10.5% earnings move and shares lower the last four reports after being 10%+ higher on the close the previous three reports. IV Skew in BILI has spent most of 2020 bullish inverted. The \$9.25B Chinese company provide a platform of entertainment for live broadcasting, mobile games and video streaming and has a strategic partnership with Tencent. Shares trade 8X EV/Sales with revenues seen growing 56% in 2019 after 71% growth in 2018 and forecasts for 49% in 2020 while remaining unprofitable. BILI shares have trended strong since September forming a series of bull flags along the way and currently near a breakout above \$28 that can target a move to \$35. BILI has seen rapid user growth and sees Gen Z as the future of online entertainment, representing 24% of the population in China. Metrics such as daily video views and interactions are seeing explosive growth. It is also seeing impressive growth from advertising revenues though operating expenses have also grown sharply. Analysts have an average target of \$25 and short interest steady at 7.7% of its float. Morgan Stanley downgraded shares to Neutral on 1/10 with a \$24 target on valuation. Hedge Fund ownership rose 3% in Q4 filings, Alibaba with a \$186M stake.

### Hawk Vision:



**Hawk's Perspective:** BILI is seeing constant bullish options flow and sets up great on the chart, a tough name to ignore and likely continues to benefit from its online presence with China on lockdown.

**Confidence Ranking:** \$\$