



Put Sales in Wix See Value into Sell-Off

Ticker/Price: WIX (\$116.2)

Analysis:

Wix.com (WIX) yesterday with 1,000 January \$70 puts sold to open for \$3.80 and name that has pulled back into a key zone where 1,500 January \$115 puts were sold on 2/20 and 2,950 July \$105 puts sold on 1/16. Shares bounced yesterday late day off the \$111/\$112 level which was support in October and right off of trend support from the 2017 low. The longer-term rising channel targets \$170 on a move higher. WIX also held VWAP from the February 2018 earnings move higher that triggered the recent multi-year run higher. The \$5.98B company trades 7.86X sales and 8.23X cash with ramping profitability as the company expects to earn near \$3/share by FY23, up 50% annually the next two years. WIX has been a consistent revenue gainer, up 19.75% to 20% annually, and forecasting \$1B in 2020. The company continues to grow their user base well, up 16% last quarter with premium subs up 13%. WIX sees a big opportunity to grow revenue from their existing cohorts with \$6.8B in potential collections through FY27. WIX is the leader in DIY website creation with 150M users worldwide and an expanding portfolio of premium services/products like their open dev platform Corvid and their all-in-one business solution Ascend. Analysts have an average target for shares of \$154. Needham starting at Buy on 2-24 with a \$165 PT. The firm thinks WIX is using its "strong foothold" in the DIY web design market to move up-market to leverage its agency channel and expand its total addressable market opportunity. Deutsche Bank raising their PT to \$170 in February and sees potential for re-accelerating collections growth in 2020. Short interest is 4.8%. Hedge fund ownership fell 4% in Q4. Valinor Management, Point72, and Steadfast Capital top holders.

Hawk Vision:



Hawk's Perspective: WIX is a quality Tech growth name and unlikely to see much negative impact from the current market concerns, so back at trend support provides a nice level, but everything needs a tight leash in the current volatility environment.

Confidence Ranking: \$\$