



Bullish Action in Vipshops with Recent Strength

Ticker/Price: VIPS (\$17.85)

Analysis:

Vipshops (VIPS) with 5,000 August \$22 calls being bought today for \$1.02 to \$1.03 and follows a seller of 7,000 January \$17 ATM puts yesterday for \$2.70. VIPS has 3,000 January \$15 short puts in OI as well from late March and 1250 August \$21 calls from earlier this year. Share are flagging near 2-year highs and a potentially big base breakout that stretches back to mid-2015 above \$19. A run higher targets \$22 in the near-term but longer-term measured move up over \$26/\$27. The \$10.29B company trades 12.2X earnings, 0.78X sales, and 7.5X cash with little-to-no debt or near-term maturities. VIPS is a leading online fashion retailer in China with a focus on fast-fashion trends across apparel and accessories. They also have exposure to cosmetics and other retail areas through their portfolio of sites. VIPS has had double-digit growth in active users as well as GMV in each of the last five quarters and margins improving behind a better product mix and cost-savings programs such as improved supply chain operations and outsourcing delivery to a third party in November. VIPS could see a big boost to overall sales due to the quarantine during Q1 with commentary from peers in April/May all noting a surge in online traffic. Analysts have an average target for shares of \$16.50. Credit Suisse upgrading to Buy on 5/7 with a \$18 PT. BAML upgrading to Buy in March with a \$21.70 PT citing their growing focus on the discounted apparel niche which helped purchase conversion, customer acquisition and gross margins last quarter. Short interest is 2.3% and near 5-year lows. Hedge fund ownership rose 12.8% in Q4. DSAM Partners a notable new buyer while Greenwoods Asset Management a top-5 holder.

Hawk Vision:



Hawk's Perspective: VIPS looks interesting a lesser followed winner in China though JD/BABA/NTES preferred names along with PDD, so a lot of options to participate.

Confidence Ranking: \$\$