



## FEATURED OPTIONS RADAR REPORT



### Revolve Call Buyer Sees Online Strength through Holidays

Ticker/Price: RVLV \$21

#### Analysis:

**Revolve Group (RVLV)** buyers of the March \$20 calls, 2000X, up to \$5.20 to open, coming off a nice quarter and pulling back off the gap up where it has been basing lately. RVLV doesn't carry a lot of notable open interest, some September puts bought in May are underwater. Shares have been basing nicely at the rising 21-MA and now back above the 8-day after testing the prior range breakout. Longer-term, RVLV is setting up just below a big weekly base breakout above \$22/\$23 which targets a move to \$35. The \$1.38B company trades 29.36X earnings and 2.33X sales with a solid cash position and limited debt. RVLV sees both top and bottomline acceleration into the next 2-3 years with a path to \$1B in revenue by FY25 from \$600M in FY20. RVLV is a leading online fashion platform that connects users with global fashion influencers and emerging, smaller label brands. RVLV is coming off a strong quarter and moving into a more aggressive position to build inventory as demand has been positive. They see opportunities to build out in higher-margin, higher-visibility areas like accessories where they had 100% Y/Y growth in July. RVLV has longer-term tailwinds as the pandemic pulls more people into their ecosystem and more consumers migrate to online shopping. Analysts have an average target for shares of \$20. CSFB at a Street High \$26 PT, positive on the pace with which revenue picked back up in Q2. RayJay raising to Strong Buy on 8/13 as the company remains well positioned as the fashion market increasingly shifts online, which has accelerated in the pandemic. Short interest is 10.4% but down from around 16% in January. Hedge fund ownership rose 3.3% in Q2. Point72, SouthPoint Capital, and Archon Capital buyers of stock. In March, both of the Co-CEOs bought \$1M in stock at \$13.25.

#### Hawk Vision:



**Hawk's Perspective:** RVLV is an interesting name and like the setup versus today's low for a swing back to the post-earnings highs, plenty of room if it can get above \$25 and think they're business gets long-term benefits from COVID even if brick-and-mortar picks back up

Confidence Ranking: \$\$