



FEATURED OPTIONS RADAR REPORT



Bullish Options Action in Luxury Market Disruptor FarFetch

Ticker/Price: FTCH (\$27.75)

Analysis:

FarFetch (FTCH) buyer 1100 November \$34 calls for \$1.38 and also with 500 far OTM April \$40 calls bought \$2.78. FTCH action remains hot this morning with the November \$34 calls up to 3700X and 1880 November \$28 calls being bought and likely to add to open interest. FTCH has seen strong bullish activity with a ton of call OI in October, while January \$30 calls have 6000X. FTCH dipped in September but held the rising 21 week moving average, key for momentum names. Shares are now working out of a flag today and setting up for a run to new highs. FTCH is an online platform for luxury fashion retailers which features over 700 boutiques and brands from around the world. Its platform is in focus with the acceleration of ecommerce and playing in a large \$300B luxury market. It is positioned as a dominant online luxury platform with a strong proposition to customers and brands and likely to continue strong market share gains. FTCH partnered with JD.com (JD) to penetrate a key China market and also entered a \$70B premium sportswear market with its deal for Stadium Goods. FTCH currently has a \$9.1B market cap and trades 4.7X FY21 EV/Sales with revenues seen growing 50.5% in 2020 after 69.5% growth in 2019. Analysts have an average target of \$31 with short interest elevated at 11.9% of the float, but down 39% Q/Q. BAML out positive in July noting "Online luxury growth has been underestimated; market size to double by 2025, penetration expected at 30% from 25% previously. FTCH already number 1 but keeps gaining mkt share: Q2 growth accelerated to +25-30% when historical competitor YNAP was -40% Promising H2: comp is much easier." JPM raised its target to \$40 on 8/14 noting strong results from key initiatives and acquisitions and becoming an increasingly important partner to retail brands. Deutsche Bank with a \$38 target sees it as the best player to benefit from the broader online shift in luxury. Hedge Fund ownership rose 7.3% in Q2 filings, Tybourne and Jackson Square top holders.

Hawk Vision:



Hawk's Perspective: FTCH does not see much attention for such a strong growth story and like the set-up, options flow, and fundamentals here.

Confidence Ranking: \$\$