



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in BaoZun as China Internet Momentum Continues

Ticker/Price: BZUN (\$37.6)

Analysis:

BaoZun (BZUN) trading over 4X average calls today with buyers active in the December \$40 calls over 2,750X up to \$2.90. BZUN doesn't have a lot of notable open interest currently. BZUN shares are showing relative strength as they work out of a downtrend and base this week and eyeing a close back above the 55-day for the first time since August. A run higher targets the big high-volume node from this Summer at \$42 and longer-term, monthly bull wedge looks explosive above \$47.50. The \$6B China-based e-commerce platform trades 19.2X earnings and 5.4X sales with near 40% EPS growth and sales growing at 28.5%. BZUN recently launched a 40M share secondary in Hong Kong which gives them ample liquidity to invest in infrastructure and operations as e-commerce demand surges in China. BZUN has expanded their capabilities into a full-scale e-commerce giant helping Western brands establish online stores, digital marketing, and warehouse/fulfillment in China. They count some major names like NKE, MSFT, and PHG as key customers and they have broad exposure to the biggest Chinese platforms like Alibaba's T-Mall and JD.com. BZUN is expanding into new verticals like beauty and cosmetics, home furnishings, and appliances while investments in tech and back-end improvements like AI/big data are making their operations more cost-efficient. And, they'll continue to have an edge in 2021 and beyond as entry into China for Western brands remains difficult as a standalone given regulatory hurdles but much sought after with the huge TAM. Analysts have an average target for shares of \$42 with limited coverage, Citi a Street High \$50 citing smart moves to streamline operations at a time when they have the resources to capture new demand and grow longer-term. Short interest is 11% but down from 27.5% in March. Hedge fund ownership surged 58% in Q2.

Hawk Vision:



Hawk's Perspective: BZUN looks way too cheap on valuation for the growth opportunity, a name that has settled and now not being watched by many, but looks great out of this base.

Confidence Ranking: \$\$