



FEATURED OPTIONS RADAR REPORT



Bulls See Farfetch Upside Momentum Continuing

Ticker/Price: FTCH (\$50.30)

Analysis:

Farfetch Limited (FTCH) traded 4X daily calls on 6/21 with the focus on August \$60 calls with 5500 bought in the \$2 to \$2.30 range. FTCH is a name that saw a lot of opening put sales in May with January 2023 \$32 puts 2500X, January \$42 puts 1000X, January 2023 \$40 puts 2000X, January \$45 puts 5000X and January \$46 puts 1500X. FTCH on 6/1 with a buyer of 1000 January \$55 calls and has also seen July \$50 calls buyers with open interest now above 5850. FTCH shares made a low in May right near VWAP off the March 2020 lows and have recently bounced 25% the past month and are flagging below a 38.2% retracement level and key volume node needing to clear \$52.35 which would also move shares above VWAP off the February 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 at the Deutsche Bank conference in March outlined the opportunity "The industry not only is huge and \$330 billion business and growing by significant amounts to \$430 billion plus in 2025, but this transition online is quite remarkable. We're moving from around 12% overall online share through to an expected minimum 30% of online share within the industry within the next 5 years." China is Farfetch's second largest market (to the US) and is growing faster than the overall marketplace average. Farfetch launched its flagship store on Tmall Luxury Pavilion in March 2021 with approximately 3000 brands. FTCH will also be launching in the beauty category in 2022, an important step opening up a large market. The \$17.8B company is trading 7.9X EV/Sales with revenues seen growing 33.5% in 2021 and 28.3% in 2022 following 69.5% and 63.9% growth the previous two years and also seeing a strong ramp in EBITDA. Analysts have an average target of \$65 and short interest is low at 5.6% of the float. Farfetch continues to see an adjusted EBITDA margin of 30% as achievable over the medium to long term. Cowen out recently seeing valuation attractive and has a \$70 target. CSFB lowered its target to \$83 in May citing the fragmented, large and underpenetrated market opportunity. Hedge Fund ownership jumped 17% in Q1 filings, notable top holders like Ballie Gifford, Lone Pine, Altimeter and Jackson Square.

Hawk Vision:



Hawk's Perspective: FTCH is a best-in-class top growth story and alert in at \$52 for a potential 15-point move, the opportunity in Beauty is also another compelling reason to own.

Confidence Ranking: \$\$