



FEATURED OPTIONS RADAR REPORT



Bulls See Value in Farfetch Decline

Ticker/Price: FTCH (\$61.20)

Analysis:

Farfetch (FTCH) seeing some sizable bullish call buys last week into its pullback with July \$80 calls bought 1500X at \$7+ and follows the April \$60 calls accumulating in OI and 2000 March \$60 calls bought on 1/20. FTCH was a top performer in 2020 and shares last week pulling back to three-month VPOC and the rising 55-day moving average. FTCH has been sideways for two months and above \$63.50 can start a new leg higher. 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 has a market cap of \$20.65B and trades 9.4X FY21 EV/Sales with revenues seen rising 34% in 2021 after 69.5% and 62% growth the last two years, its next earnings report expected in late February. Analysts have an average target of \$61.50 and short interest at 10% of the float has been declining. JPM raised its target to \$68 in December and Wells Fargo recently upped to \$60 confident in the online luxury sector and upside from partnerships with Alibaba, Kering, and Richemont. MSCO started shares Overweight at November with a \$65 target and sees it taking share from brick and mortar as well as pure-play ecommerce wholesale competitors. Hedge Fund ownership surged 23% in the latest quarterly filings.

Hawk Vision:



Hawk's Perspective: FTCH is one of these truly great niche platform plays and continue to see it posting very strong growth numbers, the 55-MA likely a fine entry.

Confidence Ranking: \$\$