



## Hertz Bullish Positions Accumulate as Icahn Gathers Massive Stake

**Ticker/Price:** HTZ (\$14.68)

### Analysis:

**Hertz (HTZ)** has seen in the past week 6,500 January 2021 \$17/\$25 call spreads open in longer term bullish bets as well as some notable put sales with 3,000 January 2020 \$12 short puts, 10,000 August \$16 short puts, and 10,000 January \$16 short puts. On 6/13 the October \$20/\$14 bull risk reversal opened 3,000X and on 7/16 the January \$15 calls bought 4,000X to open. It also has 3,800 October \$16 calls that opened on 5/30 and 9,500 January \$20 calls that opened 8/3/18. HTZ shares have been in a sideways range of \$14/\$20 since May with weekly RSI showing slight bullish divergences. The \$1.25B car-rental company trades 7.75X Earnings and has a balance sheet ridden with debt, trading 8.9X EV/EBITDA. HTZ sees modest revenue growth of 3% the next two years and expects EPS to rise sharply to \$2.33/share by FY21 from a loss in FY18. In early June the company announces a new subscription service called Hertz My Car, a response to the ride-sharing boom that has hurt business for car rentals, though the price point seems quite high. Analysts have an average target of \$18.50 and short interest remains high at 30.8% of the float, rising 20% Q/Q. Analysts have been quiet on the name recently, Northcoast upgrading to Buy in March and Barclays upped to Neutral citing user and rental car prices creating a favorable backdrop for refinancing corporate debt. Hedge Fund ownership rose 5.6% in Q1 filings, Icahn the top holder. Icahn recently exercised his rights and reported a 28.84% stake in Hertz. HTZ will next report on 8-6.

### Hawk Vision:



**Hawk's Perspective:** HTZ is a tough name for me to trust with my bearish view on car-rental fundamentals for years now due to ride-sharing and it has that 30% short float. Shares are at an attractive spot of its trading range, and the Icahn angle is the interesting thing here, so could be worth a small flier.

**Confidence Ranking:** \$