



FEATURED OPTIONS RADAR REPORT



Unusual Call Buys in Emerging Online Auto Play

Ticker/Price: CARG (\$27.45)

Analysis:

CarGurus (CARG) traded more than 15,000 calls on 8/18 which is 15X daily average with IV30 up 14% as the September \$28 calls with 2500 bought midday \$1.20 to \$1.25 and then another 5000 bought into the close aggressively. CARG mostly has notable open interest due to expire in August so these now the focus position. CARG shares have pulled back the past week and sit near its 200-day moving average and above trend support off the March 2020 lows with VWAP off those lows major support near \$25.25. CarGurus is a global, online automotive marketplace connecting buyers and sellers of new and used cars. CARG provides transparency to consumers with a Deal Ratings, Price History, and Vehicle History. CARG currently has a market cap of \$3.28B and trades 14X EBITDA and 3.7X EV/Sales with revenues seen rising 46% this year and 17.7% in 2022. CARG is coming off a strong beat and raise quarter and there is significant market share to be captured in the online auto marketplace. Analysts have an average target of \$37 with short interest at 12% of the float. Needham upgraded shares to Buy last week noting "CARG's base business is not getting the credit it deserves and is likely close to a bottom given its subscription model. We believe CarOffer has ample growth runway given its current installed base vs CARG's US paying dealer count. CARG integrating themselves beyond the sales floor of a dealership is happening at an opportune time, just ahead of their digital retail launch." Hedge Fund ownership fell 5.5% last quarter.

Hawk Vision:



Hawk's Perspective: CARG is looking quite attractive at support and though not nearly as much momentum as CVNA there is room for multiple winners in this theme and the risk/reward looks attractive here.

Confidence Ranking: \$\$