



FEATURED OPTIONS RADAR REPORT



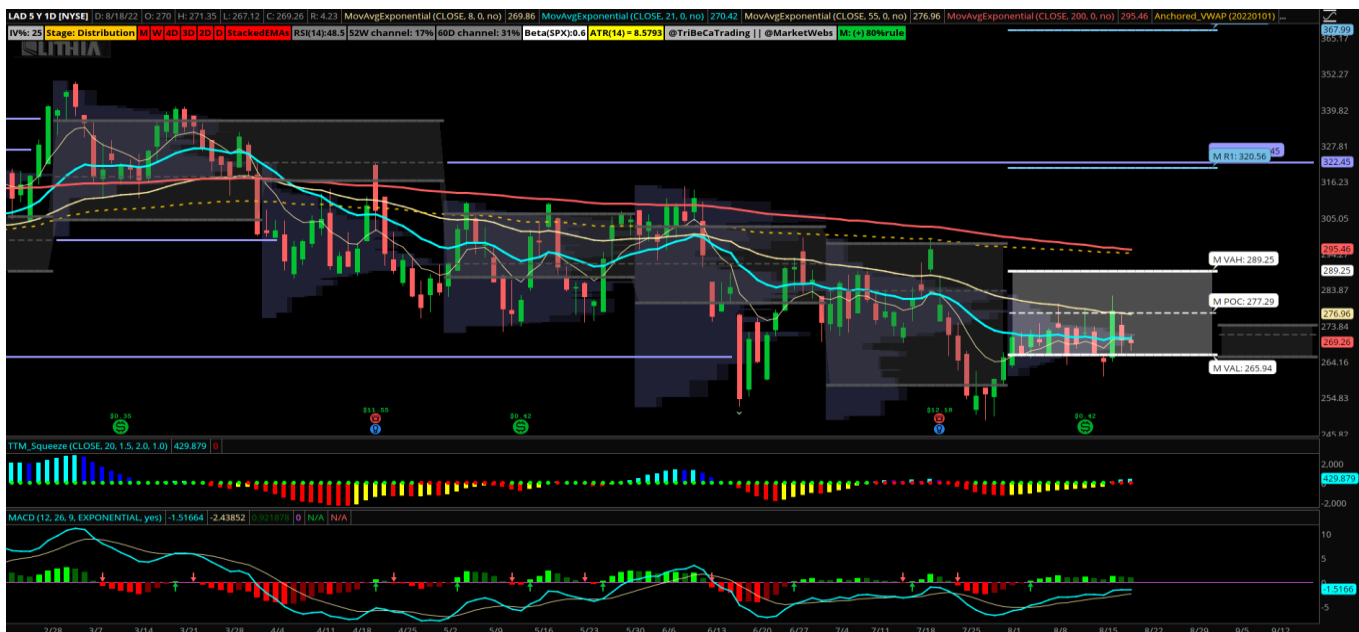
Fast Growing Auto Dealer Showing Value with Opening Put Sales

Ticker/Price: LAD (\$269.59)

Analysis:

Lithia Motors (LAD) on 8/17 saw a massive opening put sale for 900 December \$270 puts sold at \$21.60 for over \$1.9M and a name that does not see a ton of options action daily. This followed a September \$260 put seller earlier in the week for 425 contracts sold at \$7.60. LAD also has Sept \$270 and \$290 short puts in open interest from sellers in May that are up slightly from sales at \$23.50 and \$22.70 respectively. Shares are trying to form a base near the 260 after a double bottom was made back in July near the 250 level. The stock has been grinding in a choppy range and below its 55 EMA still near 275. A move back above can see 290 first resistance and then 300 while the 322 level is a untested VPOC from April. The weekly chart is showing some bullish MACD divergence on recent lows and a bit of a falling wedge pattern developing with support at 260 crucial. The \$57.4B company trades at 5.8x earnings, 0.4x EV/sales, FCF yield of 1.9% and a dividend of 0.6% with revenues expected to grow 27% in FY22 and 10% growth estimated in FY23. LAD is a leading automotive retailer in the US with both new and used inventory as well as vehicle financing. The company recently was highlighted in Barron's as they stated LAD has 65% upside and Lithia is growing fast, while margins, which shot higher because of shortages, might be more resilient than the market is giving it credit for. Average analyst target is \$367, with a Street high of \$578. JPM recently lowered its target to \$325 but kept an Overweight rating and cited the positive earnings revision cycle to likely take a breather as a potential mild recession starts to get factored into forward estimates while reducing base case volume assumptions for 2023 but sees attractive risk/reward on the stocks. Guggenheim a big bull on the name and in April they boosted their price target to \$578 while Wells Fargo initiated coverage with a Overweight and \$350 target. LAD had an insider buy back in Dec 2021 near current levels as a director bought 500 shares at \$576.95 for over \$138k, the first purchase in more than three years and largest in over five. Short interest is at 6.9%. Hedge fund ownership fell 7.7%.

Hawk Vision:



Hawk's Perspective: LAD is inside monthly value and can trade long against the 260 recent lows, with bull put spreads a potential trade idea.

Confidence Ranking: \$\$