



Size Call Buy Sees Ferrari Reclaiming Bullish Momentum Under New CEO

Ticker/Price: RACE (\$206)

Analysis:

Ferrari (RACE) with 625 November \$210 calls being bought here to open from \$9.90 to \$10.30 and now volume jumps to 2,000 with a big block at 11.10. RACE doesn't have a lot of notable open interest outside of some small December \$200 puts from February. Shares are forming a large, narrowing range since the December peak with a series of higher lows and lower highs and now sitting around its 200-MA with a break above \$210 in focus for a return higher.

RACE has room to \$240 on a breakout. The \$39B company trades 38.5X earnings and 11X sales with a small yield. RACE appointed a new CEO in December, a surprising hire as he was a long-term tech leader at ST Micro and not inside the automotive or luxury goods industry. Vigna is expected to shift the vision of the company towards next-gen automotive experiences with a heavy focus on electrification and early in his tenure the company announced that they were moving up the timeline for their first EVs to 2025. Analysts have an average target for shares of \$230 with a Street High \$270. MSCO positive note on 7/8 noting that at current prices, RACE shares are pricing in little to no value to their EV program. The firm thinks RACE provides exposure to three business lines that each have their own growth and margin profile and contribute uniquely to the valuation of the company, namely artisanal internal combustion engine vehicles, a pure battery electric start-up, and brand extensions like racing and hyper-exclusive luxury experiences. Short interest is 1%. Hedge fund ownership fell 7% in Q1. Melvin Capital adding another 500K shares and now with 1M total.

Hawk Vision:



Hawk's Perspective: RACE is a long-time favorite with solid fundamentals and execution and their CEO hire and future vision are really interesting, name set for an exciting 3-5 year stretch as they transform

Confidence Ranking: \$\$