



FEATURED OPTIONS RADAR REPORT



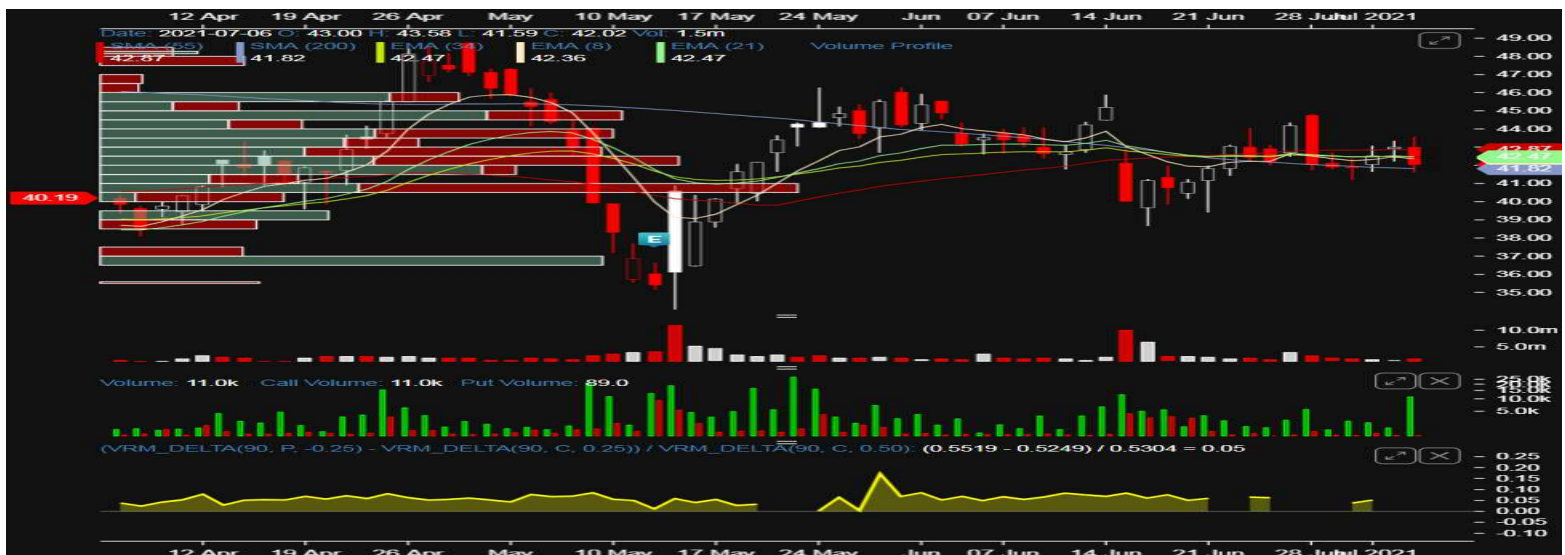
Bulls Accumulate Calls in Vroom

Ticker/Price: VRM (\$42)

Analysis:

Vroom (VRM) traded over 10,000 calls on 7/6 with notable action in October \$50 calls with buyers paying \$1.90 to \$2.25 range as 4000 traded and 1900 December \$50 calls traded on the day \$3.25 to \$3.45, already open interest at each strike and looking to add. VRM also has over 6500 August \$45 calls in open interest from a large buy in May and the August \$50 calls 5500 from a buy-write in early June. VRM was a hot IPO in 2020 and then pulled back but has been forming a long weekly bottoming pattern the last few months and a move above \$45 can inflect the trend while the base breakout would measure to an upside target of \$65. Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles via a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. The U.S. used automotive market is the largest consumer product category and is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions. It also is ripe for disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration. In 2019, the U.S. used automotive market was the largest consumer product category, generating approximately \$841 billion from sales. Based on data from Cox Automotive, there were an estimated 37.2 million used vehicle transactions in 2020, compared to approximately 40 million transactions in 2019. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. In a 2019 Cox Automotive Data survey, 49% of consumers reported that they are willing to make a vehicle purchase online. The \$5.8B company is trading 1.9X EV/Sales and 6.2X cash while profitability remains far off. VRM revenues are seen rising 97.5% in 2021 and 50-60% annually in 2022 and 2023. Analysts have an average target of \$55 with short interest elevated at 10.4% of the float and rising 70% Q/Q. Goldman raised to Buy with a \$60 target last September, noting the company's less capital intensive and scalable ecommerce model could deliver meaningful growth by taking share of the long-tail retail and P2P used car market. It now has a \$48 target noting "We see a long runway for growth at Vroom, and while early-stage volatility and challenges scaling critical components remain, we expect an accelerating shift online and national scale in a highly fragmented market to drive elevated and persistent share gains." JMP raised its target to \$55 in May saying operational issues appear past and is now executing better after bottlenecks in prior quarters. Hedge Fund ownership jumped nearly 25% last quarter with Durable Capital a notable concentrated holder adding to its position.

Hawk Vision:



Hawk's Perspective: VRM is not the top player and always favor CVNA but it does look like an opportunity for multiple winners and shares look cheap with a positive upside/downside skew, waiting for technical triggers.

Confidence Ranking: \$\$