



FEATURED OPTIONS RADAR REPORT



Option Bulls Continue to Like Constellium

Ticker/Price: CSTM (\$13.25)

Analysis:

Constellium (CSTM) buyer of 1,000 January 2022 \$15/\$25 call spreads for \$2.15, nice flag forming and name that has drawn a lot of bullish flow including buyers in the May \$15 calls which have risen to over 7000X in spreads with the \$20 calls and looks like another 3,500 adding today. CSTM has also seen buyers in the May \$13 calls over 4000X. Shares are forming a small bull flag after a strong run and measured move out to \$15 on a breakout in the short-term. CSTM has long-term resistance around \$14.50 to \$15 and move higher puts it out of a five-year base with plenty of room to run, shares trading as high as \$32 in 2014. The \$1.78B company trades 18.75X earnings, 0.29X sales, and 10X FCF with low-double digit growth. CSTM is a leading manufacturer of rolled aluminum products and benefiting from a bounce-back in automotive and industrial demand last quarter. CSTM sees a brighter 2021 given recent preliminary anti-dumping duties in the US while they have slashed costs and continue to improve operational capabilities. CSTM has two major secular themes driving long-term growth estimates. First, within CPG, is a major shift away from plastic bottles towards aluminum cans. The company noted in November that packaging shipments are running 95% of 2019 levels already and consumer preference for cans will continue to press demand and give the company ample pricing power. Second is within automotive and a continuing shift away from steel as regulations over fuel efficiency and reducing emissions cause manufacturers to move to lighter aluminum. CSTM has also noted this year that EV adoption and hybrid vehicles are becoming more aluminum intensive and they expect to win more share within each body. Analysts have an average target for shares of \$16.25, although limited coverage, Northland with a Street High \$20. Short interest is 1.3%. Hedge fund ownership fell 6% in Q3, Sachem Head a top holder with 3.76M shares and adding 1.635M last quarter.

Hawk Vision:



Hawk's Perspective: CSTM continues to see bullish options action and is a favorite in aluminum, a nice momentum trade to ride higher.

Confidence Ranking: \$\$