



FEATURED OPTIONS RADAR REPORT



Magna Call Buyers See New Highs Amid Electrification Push

Ticker/Price: MGA (\$93)

Analysis:

Magna Int'l (MGA) with 2,500 June \$97.50 calls bought for \$2.90 to \$3.10 today and now volumes over 5000X on the day. MGA also seeing 450 June \$92.50 calls bought earlier. MGA shares are trying to work out of a multi-week flag today above recent highs with a measured move out to \$107-\$110 and continuation of the run higher. Shares are more than 4X off the March 2020 lows and broke out of a six-year range in December. The \$26.84B company trades 10.2X earnings and 0.8X sales. MGA updated their long-term growth targets this morning and after its financial targets this morning and now sees \$45B to \$45.5B in revenue and expanded EBIT margins in FY23. They expect to generate up to \$6B in FCF. The company is optimistic about growth around electric vehicles and next-gen autos as they expand their product lines around battery management, eDrives, and software. The company has been investing heavily in AI and L5 automation as well as adding new capabilities through deals like their 2018 buy of Haptronik, a motion control software developer. They expect to launch two new eDrive systems in China this year while expanding their JV with LG. In March, there were media reports that Magna (MGA) could be used by Apple to help develop their auto project. Analysts have an average target for shares of \$76 and a Street High \$100. Keybank with a \$98 PT and raising estimates in February as they see a long runway for 2023 growth. Credit Suisse thinks sentiment will improve throughout 2021 as they company pushes forward their tech/growth narrative and MGA will become a greater beneficiary of EV growth. Short interest is less than 1%. Hedge fund ownership rose 2.45% in Q4, Moore Capital a buyer of 1.55M shares.

Hawk Vision:



Hawk's Perspective: MGA has one of the more diverse product sets available for the next-gen auto push and think it can continue to work higher throughout the year; near-term, potentially catching that rising 8-EMA and moving back above \$95 would be a nice risk/reward setup

Confidence Ranking: \$\$