



Macquarie Infrastructure Strategic Alternatives Seen Sending Shares Above \$45

Ticker/Price: MIC (\$40.55)

Analysis:

Macquarie Infrastructure (MIC) an event-driven name attracting some options activity. A strategist on 2/26 bought 6000 July \$45 calls for \$0.64 and sold 4800 of the \$35 puts for \$0.80 with shares at \$40.47. The action follows large opening sales of 13,500 July \$37.50 puts and has seen \$47.5 and \$50 calls bought with 6,775X and 17,400X in OI respectively. MIC also has 2,875 January \$45 calls in open interest from buy orders and 2000 April \$42.5 calls bought at \$0.60 on 2/25. MIC shares put in a massive run from 2009 to 2015 but since July 2017 have been a major laggard and in a \$36/\$45.75 basing range since the sell-off in early 2018. MIC has always been an intriguing company as it operates a diverse set of businesses with International-Matex Tank Terminals 45% of EBITDA, Atlantic Aviation at 33%, Contracted Power at 13% and MIC Hawaii at 9%. On 10/31 MIC announce plans to pursue strategic alternatives, the CEO saying ““Over the past 18 months we have successfully executed initiatives including the sales of smaller and non-core businesses which have strengthened our balance sheet and increased our financial flexibility. In addition, the investments we have made in the infrastructure of our businesses during this period have both improved their competitive position and increased their resilience.” “Building on the momentum created by these actions, we are confident that now is the appropriate time to consider sales of our remaining businesses in order to unlock additional value for our shareholders.”

Hawk Vision:



Hawk's Perspective: MIC shares are back to the level from right before the 10-31 announcement, so reward/risk is turning favorable in the unusual name.

Confidence Ranking: \$\$