

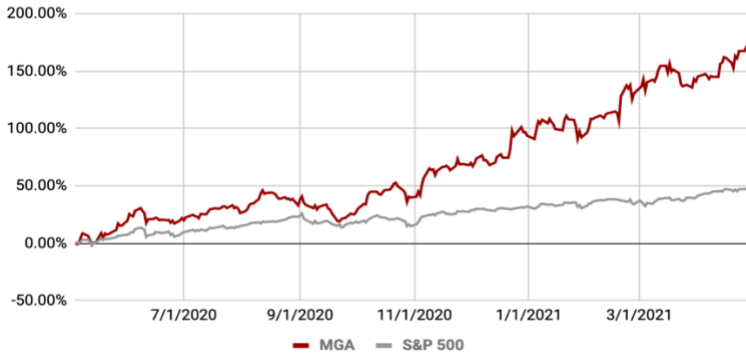
Magna International Inc. | (NYSE: MGA)



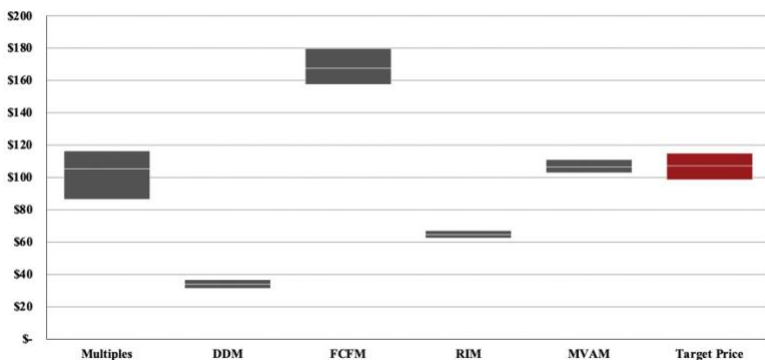
Industry: Manufacturing/Automotive | **Sector:** Industrials | **BUY Recommendation** | May 7th, 2021

Current Price	12 Mo. Target Price	Potential Return
\$98.51	\$107.31	8.93%

MGA - S&P 500
1-YR Return Against Benchmark



Target Price Results



	Multiples	DDM	FCFM	RIM	MVAM	Target
Bull	\$116.66	\$36.82	\$179.85	\$67.26	\$111.13	\$114.92
Base	\$105.58	\$33.97	\$167.63	\$64.78	\$106.65	\$107.31
Bear	\$86.41	\$31.54	\$157.48	\$62.45	\$102.89	\$98.44
Weight	25.00	12.50%	25.00%	12.50%	25.00%	100%

Year	1	2	3	4	5
g	6.02%	5.14%	4.26%	3.38%	2.50%

WACC
8.95%

Financial Highlights

52 Week Range	\$34.82 - \$99.72
Market Cap	\$29.54B
Dividend Yield	1.82%
5Y Beta	1.56
LTM P/E	37.81x
Enterprise Value	\$32.86B

Dividend Yield	1.82%
ROA	2.89%
ROE	7.10%
ROI	10.39%
NI Margin	2.32%
Operating Margin	4.55%

Debt Analysis	
Current Ratio	1.37
Quick Ratio	1.02
Total Debt/Equity	51.20%
Total Debt/Capital	33.90%
Total Liab./Total Assets	59.00%

Company Overview

Magna International Inc. is a mobility technology company founded in 1957, headquartered in Aurora, Canada. They are the third largest automotive supplier in the world, and they design, develop, and manufacture automotive systems, assemblies, modules, and components.

Investment Summary

Magna International Inc. is a dominant automotive supplier, largest automotive supplier in North America. They have strong financial fundamentals (great cash flow, \$1.2B cash in hand, low leverage ratios) because they are a well-established company. Also, they are well positioned for the future by being a key player in automotive trends of vehicle electrification, autonomous driving, and Advanced Driving Assistance Systems. Magna has been expanding to international markets with an increase in joint ventures in China and Israel. And they had a strong Q1 2021 after a deep loss in the overall automotive industry related to COVID-19.

Investment Risk

- Economic Cyclicity
- Worsening supply distribution of critical materials
- Unpredictable margins related to volatile input costs
- Reliability of GM, Ford, Fiat Chrysler (>40% revenue)

Highlights

- Magna supplies some of the top automobile firms in the world: General Motors, BMW, Daimler AG, Ford, Fiat Chrysler, Volkswagen, etc.
- Autonomous car market was valued at \$19.46B in 2020. Market is expected to grow at a CAGR 18.06% from 2021-2026.
- Advanced Driver Assistance Systems Market Size is expected to grow from \$27B in 2020 to \$83B by 2030 at a CAGR of 11.9%.
- \$10.2B in sales reported for Q1 2021 (increase in 18% YoY)
- Global light vehicle production was up 18% driven by an 87% increase in China.
- ROE increased 11.1% compared to Q1 2020.
- Post COVID-19, there will be more demand for vehicles as people will be going out and driving more.
- Increase in demand for developing countries & Asia Pacific Region

