



European Auto Sales a Potential Negative for Magna

Description

Car sales in Europe fell 10% in March, marking the 18th consecutive month of declines. The real pain was felt in Germany which suffered a remarkable 17.1% decrease.

Although the bulk of their operations are based in North America, the 3 big Canadian auto parts suppliers do have European operations. Tabled below are the 2012 European revenues that were generated by each.

| Company | 2012 European Revenues | % of Total |
|--|------------------------|------------|
| Magna Int'l (TSX:MG,NYSE:MGA) | \$10,089 | 33% |
| Martinrea (TSX:MRE) | 547 | 19% |
| Linamar (TSX:LNR) | 493 | 15% |

Source: *Capital IQ*

Magna, Martinrea, and Linamar are off 2.4%, 0.8%, and 1.3% thus far today. This is probably a combination of these weak European results as well as a soft market.

Although weak European car sales may have a short-term impact, the reality is that a strong U.S. market is helping to offset the European weakness. In addition, this weakness could turn out to be a long-term positive as each has the financial flexibility to take advantage and ensure a strong rebound once the clouds part.

Though cyclical, these auto parts suppliers are well run and financially sound, just the kind of businesses Canadian investors deserve to own. While these types of companies are relatively scarce

in Canada, the U.S. market is home to some of the best in the world. We have created a special FREE report that identifies 3 U.S. businesses that are worthy of every Canadian's hard earned investment dollars. Simply [click here](#) to receive "3 U.S. Stocks Every Canadian Should Own" – FREE!

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Fool contributor Iain Butler owns shares in Magna and Martinrea. The Motley Fool does not own shares in any company mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:LNR (Linamar Corporation)
3. TSX:MG (Magna International Inc.)
4. TSX:MRE (Martinrea International Inc.)

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Date

2025/07/22

Date Created

2013/04/17

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