



This Self-Driving Stock's Potential Just Got a Huge Boost!

Description

On Wednesday, **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)) announced that it would be partnering with the ride-hailing service Lyft, which is Uber's main competitor. The two companies are set to work together to further develop self-driving technologies, including taking on a multi-year project.

The agreement would see Lyft get a \$200 million investment from Magna. Lyft had previously shown interest in manufacturing parts for driverless vehicles, but the problem was that the company lacked the manufacturing expertise that Magna has, making the venture a good match for the two companies.

Magna has already made progress with driverless technologies

Magna has already made [strong strides](#) in developing technology for autonomous vehicles with its MAX4 system, which combines cameras with sensors — the aim being that it would be able to integrate with manufacturer's platforms to create an autonomous driving experience.

However, by partnering with Lyft, the companies can create a complete system that Magna will then be able to sell to manufacturers.

Excitement in the industry continues to build

There has been a lot of hype surrounding self-driving vehicles, and one has to look no further than the success **Tesla Inc.** ([NASDAQ:TSLA](#)) has enjoyed as it continues to make steps towards making not only driverless cars but trucks as well.

It's not just a gimmick either, as companies are looking at autonomous vehicles as a serious solution to cut costs and add efficiency to operation. Earlier this year, **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) announced that it would be [deploying driverless trucks](#) at some of its operations, and we're likely to see other companies follow suit in the future, especially if the move proves to be successful.

As a result, the potential for Lyft and Magna could be through the roof. Autonomous vehicles are a long ways away from being common on our roads, and that means demand could be significant in the years ahead, as the transition appears to be inevitable.

However, that's not to say there aren't wrinkles in the process, and we're likely still many years away from all of this happening, and that's a big reason why we aren't seeing Magna's stock price soar just yet. The share price did get a boost from the news, jumping more than 6% when the deal was announced.

What this means for Magna

This is a great deal for Magna to partner with a company like Lyft that has a lot of technological expertise to offer the auto parts manufacturer. Creating a "brain" for automakers would be a big selling point, since manufacturers could avoid the process of creating a unique system for their cars and could instead purchase a solution off the shelf that could make the transition seamless.

The potential is certainly there, and that's what makes Magna a really good long-term buy. In the past year, the stock price has soared 25%, and in just the last month it has risen 8%. However, even despite the increase, the stock still trades at just around two times its book value and 13 times its earnings.

With a lot of potential for growth, good fundamentals, and the stock trading at low multiples, Magna is a very good buy today.

CATEGORY

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3. NYSE:SU (Suncor Energy Inc.)
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