



Alert: Magna (TSX:MG) Stock Could Be a Hidden Tech Stock

Description

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) jumped roughly 10% yesterday. News of the company's partnership with LG to make [electric car components](#) put the laggard stock back into the spotlight.

If you're an investor looking for an underrated opportunity in this frothy market, here's why Magna deserves a closer look.

Powering electric vehicles

Elon Musk's megabrand gets all the attention in the electric vehicle industry. After all, his company's stock is up a whopping 651% year to date. Rival car companies are nowhere close to this level of electrification across their fleet. Which is why investors in this space have limited opportunities.

However, investors seem to have focused too much on the big brands and overlooked the component manufacturers. These manufacturers create proprietary technology and tangible parts that will drive the electric revolution forward, but never get mentioned.

Magna International, for instance, already supplies components to **Tesla**. Meanwhile, it also works with most of Tesla's large rivals across the world. In fact, *Bloomberg* claims the company is the largest auto parts supplier in the world, with 348 manufacturing hubs in 28 countries and 174,000 employees.

What sets Magna apart is its comparatively safer risk profile. As a supplier of auto parts, Magna's business model is far less capital intensive than an original equipment manufacturer (OEM) like Tesla. The parts sector is also far less competitive than the OEM part of the industry, giving Magna much more room to expand and invest with conviction in future technologies.

As such, Magna has been actively investing and striking partnerships to enable the future of transport. The company already has solid-state LiDar technology and vision-based sensors for self-driving. Now, the new joint venture with LG enables the company to access battery and inverter tech to complete the platform.

This joint venture, called LG Magna e-Powertrain, could make Magna a key player in the electrification of the global transport market. That's a multibillion-dollar opportunity. Nevertheless, Magna stock doesn't reflect any of this upside yet.

Magna stock valuation

Magna stock still trades like a traditional auto company. The stock is up just 30% year to date. It's trading at 48.9 times earnings and 10% lower than sales per share. In other words, it trades like an old-school value stock.

The fact that the market hasn't priced in the potential of the company's technology creates a rare opportunity. Magna could be the most underrated tech stock over the foreseeable future. Savvy investors willing to look beyond the company's legacy brand and infrastructure could find a hidden growth stock.

Bottom line

As the electric revolution heats up, car brands from across the world are likely to deploy billions of dollars into research and development. However, supplier Magna can leapfrog them all with partnerships and proprietary technology it has acquired in recent years.

This week, the stock has been surging because of the company's recent partnership with LG. major partnerships like this could make Magna the most surprising winner of this electrification revolution. Investors need to keep an eye on this homegrown, undercover tech stock.

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