



This Canadian Stock Could Be the Next Tesla (NASDAQ:TSLA)

Description

Tesla Motors ([NASDAQ:TSLA](#)) is one of the hottest stocks in the world right now. Up 700% over the last 12 months, it has made its founder Elon Musk into the world's richest person. In fact, at market close last Friday, Musk was richer than Jeff Bezos by about \$24 billion!

It's been a heck of a ride. And naturally, people have started to wonder where the "next" Tesla might come from. After approaching \$783 billion dollar market cap, TSLA's steepest gains are likely behind it. If it kept growing at the rate it did over the past year, it would reach a \$5.4 *trillion* market cap in a year!

While those gains likely won't continue, it doesn't mean that a similar, smaller stock couldn't repeat Tesla's feat. Tesla's amazing success has propelled a massive boom in EV stocks, with companies like **NIO** rising 1,000% or more in a year. Indeed, 2020 may go down as the "year of EV," thanks to the massive number of EV stocks that rallied in that period. In this article, I'll reveal one EV stock that may be the closest thing Canada has to Tesla itself.

Magna International

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is a Canadian [car parts and manufacturing company](#). Its main business is supplying interior components to car manufacturers, including:

- Chassis
- Seating systems
- Body structures
- Batteries, etc

The company also does some car manufacturing through its German subsidiary, Magna Steyr.

In general terms, this is not a great industry to be in. Magna's business has fared poorly over the last six years, with miniscule growth in revenue and an actual decline in earnings. But recently, the company made its first steps into the EV industry — and that could change everything.

Grabbing a slice of the EV pie

Just recently, Magna International announced that it had partnered with **LG** to [build car parts for electric vehicles](#). The two companies will work together in a joint venture, with both companies presumably splitting the profits. The exact nature of this project—who will be buying the parts, what each company will bring to the table, etc—isn't known yet. But given their areas of expertise, it seems likely that Magna will handle manufacturing while LG will handle the design of electrical systems.

This project could be very profitable. There are countless companies seeking to get into the electric car game, and they will need parts for their vehicles. Magna already has manufacturing relationships with several German and North American car companies. So it has a natural entry point to initiating a supplier relationship with these companies.

One thing to be aware of

Magna's partnership with LG is definitely exciting stuff. But there is one thing you need to keep in mind before you buy MG stock:

Apart from this one positive development, Magna hasn't been doing that well lately. As mentioned, its revenue growth is slow and its earnings declined in the past year. Apart from electric cars, the North American car industry hasn't been doing well over the past decade, which includes Magna.

So while the LG deal mentioned above is very exciting, I wouldn't go so far as to call Magna International a great company "overall." Its Joint Venture needs to prove itself before MG becomes a truly interesting stock.

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