



2 Canadian Stocks to Buy Amid the EV Boom

Description

People are increasingly shifting towards electric vehicles (EV) amid concerns over rising pollution levels. *Facts & Factors* [projects](#) the EV market to grow at a CAGR of 22% over the next six years to reach \$700 billion by 2026. Meanwhile, here are the two Canadian stocks that could benefit from the secular shift towards EVs.

Magna International

Magna International ([TSX:MG](#))([NYSE:MGA](#)), the third-largest auto component manufacturer globally, is my first pick. In June 2018, the company had formed a joint venture (JV) with Beijing Electric Vehicle Company to produce EVs. Magna International's management recently announced that the JV would soon launch its first of the four full EV variants. In December, the company had collaborated with LG Electronics to form a joint venture that manufactures e-motors, inverters, and onboard chargers to support the growing EV market. The transaction could be closed by July 2021.

Apart from these JVs, Magna International has a wide range of products to support the transition towards EVs. The management projects that 50% of its production units would be for EVs by 2023. On Tuesday, the company started constructing the new manufacturing facility in St. Clair, Michigan, which builds complex battery enclosures for the 2022 GMC Hummer EV. So, the company's growth prospects look healthy.

Meanwhile, last week, Magna International had [reported](#) impressive fourth-quarter earnings, beating both analysts' top-line and bottom-line expectations. The company's sales rose 12.5% year over year, while its adjusted EPS had more than doubled. Further, the company's management has provided a promising 2021 guidance. The company's top line could increase over 25%, while its adjusted EBIT margin could expand over 2%.

Boosted by its impressive fourth-quarter performance and a promising outlook, Magna International is trading over 20% higher for this year. Despite the increase, the company's valuation looks attractive, with its forward price-to-sales and forward price-to-earnings multiple stands at 0.6 and 11.9,

respectively. So, given its high-growth prospects and attractive valuation, [I believe Magna International is an excellent buy right now.](#)

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)), which focuses on improving the technology for electric vehicles, connected cars, and smart mobility, is my second pick. The company has partnered with electric vehicle companies, such as Arrival and Canoo, to provide its QNX operating system to secure electric vehicles' autonomous features.

In January, the company expanded its three-year-old partnership with **Baidu**, allowing Baidu's high-definition maps to run on BlackBerry's QNX operating system. The new agreement would help global automakers to launch their connected and autonomous vehicles in China.

Further, the company joined hands with **Amazon** Web Services in December to develop and market its Intelligent Vehicle Data Platform, IVY. The platform would help automakers securely read vehicle sensor data and provide in-vehicle services, thus enhancing driver and passenger experiences. So, the company has healthy growth prospects. However, BlackBerry still trades at an attractive valuation, with its forward price-to-sales multiple standing at 6.4.

Bottom line

Amid the boom in the EV market, **Tesla's** stock price has risen over 785% since the beginning of last year. Also, many tech giants, such as **Apple** and Google, are entering the EV space. So, given the rising interest in the sector, I believe these two companies could deliver superior returns over the next two to three years.

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