



This Million-Dollar Canadian Stock Could Build the Future Apple Car

Description

Apple ([NASDAQ:AAPL](#)) became the world's most valuable brand with its consumer electronics. This tech giant tried to get its hands on automotive five years back, but nothing happened. It is once again stepping up its efforts to build an autonomous vehicle (AV), popularly called Apple car, by 2024. Like all its projects, Apple car is getting a lot of media coverage. Rumour has it that Canada's **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) will be the **Foxconn** and **TSMC** of the Apple car.

A Canadian company building Apple cars got me curious to learn more about this company and its future growth potential.

What does Magna do?

A 60-year-old startup, Magna International started by manufacturing auto parts and then moved to build entire systems. It has solutions for all aspects of vehicles from interior to exterior to electronics to aerodynamics. Like a startup, it studies the automotive trends and leverages its engineering and manufacturing know-how to develop solutions.

Magna's recent focus on [vehicle electrification](#) and automation has put it in the spotlight. It has developed eBeam technology to electrify one of the toughest vehicles, the pickup truck. It has [partnered](#) with **LG Electronics** to develop e-Powertrains.

Magna: The TSMC and Foxconn of automotive

Taiwan Semiconductor Manufacturing Company (TSMC) manufactures semiconductors for various companies, and its biggest customer is Apple. It is the sole manufacturer of Apple's A-series processors that power iPhones. Magna works with automakers to manufacture components that make it the TSMC of automotive.

Foxconn is a major assembly partner for Apple iPhones. Magna also assembles cars as a contract manufacturer. Its Magna Steyr plant in Austria builds vehicles for 30 different brands, including **Mercedes-Benz**

and **BMW**. It has opened a new plant in China to build electric sports utility vehicles for Beijing Electric Vehicle Co. This makes it the Foxconn of automotive. Magna plans to open a plant in North America but is seeking long-term contracts to ensure the plant runs at full capacity.

Is Magna a good choice for the Apple car?

Magna's CEO Swamy Kotagiri aims to build the Apple car. Logically thinking, Magna is a perfect partner for Apple's business model. Apple doesn't manufacture its components nor assembles the final products. It designs the intellectual property and hires a third-party contractor like Foxconn and TSMC to do the manufacturing. This model is cost effective and efficient. Apple can focus on the product technology, while TSMC and Foxconn can focus on cost-effective manufacturing technology.

Magna already has the engineering and manufacturing expertise in building some of the most advanced cars. It is among the few companies that can integrate radar, LiDAR, cameras, and domain controllers — a necessity for AVs. It also makes advanced driver-assistance systems that are used in over 250 different vehicle models. Magna has partnered with Google's Waymo to build its future AVs.

Will Magna have an equity share in the Apple car?

Magna has all the qualities to become the partner of choice for Apple, but there is one deterrent. It wants to have an equity share in the companies it works with. It already has an equity share in **Fisker** and Waymo.

Apple prefers to keep suppliers as suppliers. It uses its brand to have the upper hand in the negotiation and get a lower price and a priority over other orders. There might be a dispute if Apple refuses to give an equity stake in Apple car to Magna. However, Magna might negotiate, as Apple is a trendsetter, and its suppliers benefit in many other ways, like new contracts.

In either case, Magna stock will be the key beneficiary of the EV and AV revolution.

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