



Apple (NASDAQ:AAPL) Car: This Canadian Manufacturer Could Be a Big Winner

Description

Tech giant **Apple** ([NASDAQ:AAPL](#)) has been rumoured to be secretly working on an electric vehicle for years. Now, experts believe the company could announce a partnership with a Canadian contract manufacturer that could make this project a reality. Here's a closer look at all the speculation and the Canadian stock that investors should keep a close eye on if the project moves ahead.

Apple car rumours

Apple Insider, a publication famous for scoops on what's happening behind the scenes at the Cupertino company, called the electric car project Apple's "worst-kept secret." Code-named Project Titan, the rumoured Apple car could be fully electric, self-driving, deeply integrated with iOS, and available to purchase as early as 2024.

However, Apple's transition from consumer electronics company to automotive giant won't be painless. Unlike its core businesses, manufacturing cars and deploying charging stations is a capital-intensive endeavour. At the time of writing, Apple doesn't have any of the factories, machinery, or talent needed to create a car in-house.

Some experts believe Apple could outsource manufacturing completely. After all, its flagship iPhones and iPads are assembled in China by contract manufacturer Foxconn. Coincidentally, there's a Foxconn equivalent in the automotive world: **Magna International** ([TSX:MG](#))([NYSE:MGA](#)).

Magna International

Ontario-based Magna International is the world's largest auto parts supplier. The company is a critical partner for most major auto manufacturers across the world. Their client list now includes **Toyota**, Kia, Daimler AG, **Tata Motors** and Aston Martin along with 38 others.

In recent years, the company has been leveraging its relationships with these giants to create proprietary technologies. Magna's portfolio includes cutting-edge electric vehicle technology, a stake in self-driving giant Waymo and a platform for self-driving cars. A recent partnership with **LG** also puts it at the

[forefront of battery manufacturing.](#)

This week, *Korea Times* reported that the Magna-LG joint venture was close to winning the contract to manufacture the upcoming Apple Car. Magna's stock surged over 4% on the news. The stock has already escalated by 132% over the past year. If the rumours are true, the stock could skyrocket much further.

Magna stock valuation

Despite being this close to a groundbreaking deal with the world's largest tech company, Magna's stock trades like a boring, old economy stock. The price-to-earnings ratio is 37, while its price-to-sales ratio is 1.08. The stock is also trading at just 19.5 times free cash flow per share.

Investors can also expect a steady 1.45% annual dividend yield — not bad for a company that's at the intersection of several major technologies that could disrupt the global auto sector.

Bottom line

The much-rumored Apple Car could be announced soon, according to some reports. Since Apple can't manufacture these cars or auto parts in-house, Magna International is likely to be a key partner in the project. If these rumours are true, Magna stock could surge much higher in the years ahead. Growth investors should monitor this stock closely.

CATEGORY

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2. Tech Stocks

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