



Betting on an Apple Car Announcement? Buy This Top TSX Stock

Description

The EV sector continues to be a hot one. These days, **Apple** ([NASDAQ:AAPL](#)) is in the limelight after announcing the possibility of launching an EV car of its own.

While rumours of an Apple car have died down somewhat, there's still a tonne of optimism among investors today. Many Apple enthusiasts are awaiting such an announcement and are now speculating as to who a potential partner could be on this project.

I remain cautiously optimistic that Canadian auto player **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) could be in the running.

Here's a look at the speculation and why Magna may be a great buy regardless of the [Apple Car](#) discussion.

Symbiotic relationship good for both parties

To understand how Magna fits into the Apple Car discussion, we first need to understand Apple's business model. And what better product to look at than the iPhone?

Apple's iPhone has become the cash cow for Apple over the years. These products are where Apple earns its big margins. Indeed, Apple is able to achieve these margins via holding its IP internally and engaging in other value-added services such as product design, marketing, and supply chain management in-house, outsourcing the rest.

Apple doesn't actually produce any iPhones via internal supply chains. In fact, the vast majority of the company's products are outsourced to third parties.

Why?

Well, investing in capital-intensive infrastructure like factories, robotics, and the like is expensive. Such a move would eat into Apple's margins. Additionally, the company thinks its skill set is best used on

developing new products, like the Apple Car, and bringing them to market.

Enter Magna.

Magna's one of the largest third-party contractors in North America and certainly Canada's largest manufacturer. Apple has reportedly been in talks with Magna in the past for a partnership. Accordingly, speculation has picked up that a deal could be brewing at some point. However, right now, these are all just rumours.

Bottom line

Magna International is a valuable player in the automobile industry, being a critical partner for at least 38 automotive companies like Kia, Daimler AG, Tata Motors, **Toyota**, Aston Martin, etc. In fact, it one of the world's largest automotive companies.

This production company has leveraged its partnerships to develop in-house proprietary technologies, including EV parts, self-driving platforms, and a stake in Waymo. It is also cementing its position as a crucial play in the battery place with a new deal with **LG**. In fact, this Magna-LG collaboration is one of the key speculative factors driving many of the rumours about a Magna-Apple partnership right now.

Regardless of whether this deal ultimately pans out, I think Magna is well positioned for growth. The company has pivoted to generating a greater proportion of its total revenue from sales of EV car parts and manufacturing deals. With or without Apple, it's a solid buy today for investors looking to play the EV space.

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2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)

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