



TFSA Buys: 1 Neglected Auto Stock for the Patient Value Investor

Description

Magna ([TSX:MG](#))([NYSE:MGA](#)) designs, engineers, and manufactures components, assemblies, systems, subsystems, and modules for [original equipment manufacturers](#) of vehicles and light trucks worldwide. Magna was founded in 1957 and is headquartered in Aurora, Canada.

Best-in-class products

The company's operations are focused on high-quality operations, and Magna drives this as the basis of the company's strategy. Magna has adopted as the company's [key strategic principle](#) that quality processes and procedures will continue to be improved and streamlined to maintain world class status. The goal is that each division within the company has zero product or process defects and flawless launches to establish a standard for suppliers. The company has received multiple product and plant quality awards over the years.

Developing key employees

The company was founded by Frank Stronach who expects Magna to achieve consistently high economic returns through investment in technology, equipment, manufacturing processes and people. The company has assembled an excellent automotive executive management team. The company also embraces diversity and inclusion within the organization and the different perspectives diverse and inclusive thinking can bring that can give it a competitive advantage.

Focused on new technologies

The company embraces new technologies and materials, and has invested heavily in leading edge technology, equipment and manufacturing processes. The company maintains leading edge research and design, testing, and advanced product and process development operations. Magna has consistently developed more efficient and effective ways to utilize technology. Electric cars represent a huge opportunity for Magna.

The company utilizes new technologies, processes and equipment to assist in the development of the company's businesses, as it integrates world-class technologies in manual transmissions, engine drive plates and accessories, rear drive modules, and hybrid and battery electric drive systems.

Powerful autonomous structure

The company's operations are organized on a decentralized basis with common principles, goals, objectives and processes. Each product area and manufacturing facility operates on a separate, autonomous basis from an operational perspective, geared to becoming a centre of excellence in a product area.

This system empowers and provides incentives to management and employees at each facility. Each facility is run by a general manager with manufacturing and production experience who has discretion, within a framework established by the company's directors and officers, to make operational decisions relating to employment matters.

The company also has a manufacturing system focusing on operational excellence and lean thinking to develop and utilize best practices for all divisions on a consistent basis that is continuously updated and improved.

Expanded customer base

The company has significantly increased Magna's customer base, both organically and by acquisition, and this trend should continue. The company continues to increase sales to Magna's existing customer base, as evidenced by increasing revenues. Given the magnitude and scope of the company's manufacturing capabilities, Magna is in a very good position to service existing customers with whom it has strong sales penetration and relationships.

The company also seeks acquisition targets when prudent where it can add value by improving profitability. An attractive acquisition could serve as a catalyst and significantly increase Magna's stock price.

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1. Investing

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