



Next Tesla! Buy This 1 Canadian EV Stock Right Now

Description

The shares of American electric carmaker **Tesla** ([NASDAQ:TSLA](#)) continued to fall sharply for the second consecutive session on Tuesday. The stock fell by nearly 5% this morning after settling with over 6% losses on Monday. Its recent losses came after a *Reuters* report [suggested](#) that the company has put its China Gigafactory expansion plans on hold.

Tesla and electric vehicles demand

TSLA was earlier reportedly seeking to expand its China plant production for export purposes by purchasing extra land in Shanghai. The latest report cited the uncertainties about U.S.-China tensions as a reason for Tesla's decision to put its expansion plan on hold. However, the company didn't officially confirm any such update. Despite its recent losses, Tesla stock still has yielded solid 284% positive returns in the last year.

While Tesla could be credited for accelerating the development of electric vehicles (EVs), many other mainstream automakers are also trying to catch up gradually. Large automakers such as **General Motors**, **Ford**, and **Volkswagen** have already revealed their intention to launch several new electric cars and pickup trucks in the coming years.

As the [demand for EVs](#) continues to surge, investors now have the opportunity to gain from this positive demand trend — even if they don't want to directly invest in automakers like Tesla.

1 Canadian EV stock to buy right now

While the stock I'm going to talk about here is by no means an exclusive electric carmaker like Tesla, but its stock has the potential to yield extraordinary returns in the long term — just like Tesla stock. **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is an Aurora, Canada-based auto parts firm that mainly focuses on mobility technology. It currently has a market cap of about \$35 billion. The company designs, engineers, and manufactures various parts of vehicles for many automakers globally.

In February, Magna [started](#) building its manufacturing facility in Michigan to build battery enclosures for electric vehicles, including for General Motors' upcoming all-new 2022 GMC Hummer EV. Previously in 2018, Magna formed two new joint ventures with the Chinese auto giant **Beijing Electric Vehicle Co. Ltd** to develop a next-generation smart electric vehicle architecture for the Chinese market.

Apart from focusing on electric car technology, Magna International is also heavily investing in artificial intelligence to accelerate the development of autonomous vehicles.

Solid fundamentals

In Q1 2021, Magna International's earnings per share rose by 33% YoY to US\$1.86 — beating analysts' consensus estimates by 22%. During the quarter, the company posted a 33% YoY jump in its adjusted net profit to US\$566 million as its bottom-line margin expanded to 5.6%. Analysts expect its 2021 earnings to rise by 27% from the previous year.

Its strong financials also allow Magna International to reward its investors with dividends. Its stock currently has a dividend yield of 1.8%. More importantly, its dividend per share has risen by 82% between 2015 and 2020.

Foolish takeaway

Magna's stock is currently trading at \$117.20 per share with about 26% year-to-date gains. The stock has seen a minor 2% drop in May so far. I expect its stock to continue rallying in the coming years with the help of a strongly positive trend in its financials and its focus on electric and autonomous vehicles. That's why you may want to add its stock to your portfolio right now before it's too late.

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1. Dividend Stocks
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