



Why Magna's Nice Run Is Far From Over

Description

Magna International ([TSX:MG](#)) has been attracting the attention of investors as of late for some valid reasons. After all, many are [speculating](#) the company is close to signing a deal with **Apple** for the production of the much anticipated Apple car. Indeed, this could turn out to be a huge catalyst for the Canadian auto parts manufacturer.

Currently, this is all speculation. There's nothing to suggest a deal is on the table quite yet. However, there's a logical argument to be made that Magna is the front-runner in this discussion.

After the slump in March 2020, Magna International share price has skyrocketed more than 275% and trades around \$116 at the time of writing. That said, I believe that this stock still has legs, and this incredible run could certainly continue. Here's why.

Magna's first-quarter earnings blew away expectations

Recently, Magna reported its earnings for Q1 2021. Magna's net profit jumped to roughly \$615 million, representing a 135% increase on a year-over-year basis. Indeed, these strong numbers are a result of a high demand for car structures, mainly in China. Its total sales increased by 17.5% to a whopping \$10.18 billion, surpassing the analysts' expectations of \$9.53 billion.

Magna has raised its full-year revenue estimates to anywhere between \$40.2-41.8 billion, which could drive up the share price even higher. This stock is up by more than 40% year to date. Indeed, given its strong earnings and improved projections, it appears that shares of this company are available at a discount today.

Magna is the ideal way to play Apple today

Besides being one of the vital players in the auto-parts business, Magna is known for producing luxury vehicles for some of the leading automobile manufacturers, including BMW and Land Rover. Its discussions with Apple over the past few years regarding the production of the new Apple car is

undoubtedly bullish for the stock.

Indeed, it appears that Magna is now leading the race to announce a collaboration with Apple. I believe that this partnership is ideal for both companies and would be a massive catalyst for the Aurora-based company. As noted above, the shares of this company have been soaring as of late.

Apart from the potential agreement with Apple, I believe there's a revival of optimism in the automotive sector now that we are heading toward economic reopening. With EV sales increasing, Magna appears poised to improve its market share in this space significantly.

Bottom line

Without a doubt, Magana stock has a tonne of upside on the horizon with the potential deal with Apple. Accordingly, I believe this is an excellent option for growth investors willing to consider a speculative bet right now.

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