



1 of the Best Auto Stocks to Buy in July 2021

Description

Against the backdrop of the COVID-19 pandemic and the resulting economic headwinds, 2020 presented unprecedented challenges to the global automotive industry, including **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). No company was immune to these difficulties. Magna reacted with [speed and agility](#) to protect the health, safety and well-being of the company's employees by temporarily shifting some production to personal protective equipment and developing an industry-standard playbook for dealing with the pandemic in the workplace.

The company was able to navigate from a [position of strength](#) due to Magna's entrepreneurial spirit, innovative product portfolio, and healthy balance sheet. While some challenges and uncertainties remain, Magna appears to face the future as a significant force in the global auto industry.

Revenue growth

Further, the company's swift actions and the dedication of Magna's employees to meet customer' needs enabled it to rebound stronger financially in the second half of 2020. While the company expected global light vehicle production to grow 6% on average per year from 2020 through 2023, Magna expects the company's sales to grow 10-12% on average per year over that time frame.

Also, the company's balance sheet is strong. Last year, Magna invested approximately \$600 million in areas of engineering aligned with megatrends, including electrification, autonomy, and new mobility. The company adopts a disciplined investment approach to drive growth and create long-term shareholder value.

Advanced technology suppliers

As one of the world's largest and most advanced technology suppliers in the mobility space, Magna is an indispensable partner for established automakers and new entrants in the automotive industry. While Magna's current product portfolio is well positioned for the car of the future, the company is continuing to expand Magna's offerings, capabilities, and evolving business models.

Over the last two years, Magna has forged new alliances that are fundamental to the company's future and will further strengthen Magna's business in the years ahead. The company established a joint venture with South Korea-based LG Electronics that blends Magna's strength in electric powertrain systems and world-class automotive manufacturing with LG's expertise in component development for e-motors and inverters, accelerating both companies' growth in the electric powertrain market.

Unique systems level approach

In collaboration with electric carmaker **Fisker**, Magna signed a deal to supply an electric vehicle (EV) platform, electrical and electronic architecture, vehicle engineering and manufacturing, demonstrating Magna's unique systems level approach. Additionally, Magna continues to win significant business, despite pandemic constraints, driven by the company's leading technology.

These wins reflect Magna's continued investments that drive innovative solutions for the company's customers. In fact, over 90% of Magna's 2023 sales are already booked. These include EV battery enclosures that contribute to the structure of the vehicle.

Rational capital allocation

In addition, Magna has invested in Clearview, a combination of camera and mirror technology that provides an enhanced field of view, which will hit the market on multiple vehicle models for a global automaker. Magna has also invested in Freeform, a surface seating trim that improves seat comfort with contoured surfaces, which has been sourced with two global automakers. These investments are expected to pay rich dividends in the future.

CATEGORY

1. Investing

POST TAG

1. canada
2. Editor's Choice

TICKERS GLOBAL

1. NYSE:FSR (Fisker, Inc.)
2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada
2. Editor's Choice

Date

2025/07/21

Date Created

2021/07/19

Author

nikhilwaterloo

default watermark

default watermark