



## 1 Canadian Growth Stock That Could Make You Rich

### Description

**Magna International** ([TSX:MG](#))([NYSE:MGA](#)) appears committed to [developing products and processes](#) that address the issues of sustainability and promote the goal of a healthy and safe environment for future generations. The company focuses on producing innovative and sustainable next-generation products with manufacturing efficiency, precision, and scale.

### A talented team that develops product solutions

In addition, Magna has a talented team that collaborates and develops product solutions for automakers and new entrants alike. The trends [transforming the automotive industry](#) are moving toward Magna's portfolio and the company's unique ability to deliver complete vehicle system solutions.

For Magna, the road ahead appears bright and the future of the automotive industry, which is increasingly high tech and complex, looks to be more exciting than it has ever been.

### Strong balance sheet providing it with flexibility

The past year has shown, from a technological, financial, and cultural standpoint, Magna is on the winning side of change in the dramatic transformation in the automotive industry. Magna's strong balance sheet continues to give it the flexibility to invest for the future and insulates the company from the ebbs and flows of the economy.

### Reducing discretionary spending

During the COVID-19 shutdown, Magna took actions including reducing discretionary spending and capital to minimize the considerable financial headwinds. In addition, Magna identified annual structural cost savings of \$200 million, which it expects to fully realize over the next couple of years. While COVID-19 posed significant challenges in the first half of 2020, Magna's recovery in the second half was rapid and spectacular.

## **Consecutive years of dividend increases**

The company's earnings in the second half of 2020 far outperformed the second half of 2019, exceeding expectations. Magna's board of directors increased the company's quarterly cash dividend by 8%. This is the eleventh consecutive year of fourth-quarter dividend increases, reflecting the confidence that management and Magna's board have in the company's future.

## **Capitalizing on growth opportunities**

Further, Magna's performance and ability to pivot in the face of challenges is a testament to the teamwork and entrepreneurial spirit of the entire family of Magna employees, from the shop floor to management. Over the past few years, Magna has been making the investments required to capitalize on growth opportunities in megatrend areas such as electrification, autonomy, and evolving mobility.

## **Strong operating performance and cash flow generation**

That includes collaborating more with innovators across the entire mobility landscape, from Magna's ongoing partnerships with traditional customers to relationships with new entrants and startups. Recent customer program awards indicate that Magna is already starting to benefit from these investments.

As Magna looks to the future, the company's focus appears to be on continuing to grow sales in excess of vehicle production, maintaining the company's strong operating performance and cash flow generation, further investing for the company's future, and returning capital to shareholders.

## **Creating value for shareholders**

Furthermore, Magna's portfolio is in a position of strength and aligns with the car of the future. Simply put, Magna is strong and growing, and the future looks bright as it expects to continue creating value for the company's shareholders.

### **CATEGORY**

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