



## Long-Term Investors: 2 Value Stocks to Buy Amid Supply Chain Issues

### Description

The recent supply-chain drama affects practically every industry these days. Whether you're waiting on food supplies or the chip shortage, there is a backlog in production that's become a serious problem. It's causing stress not just for Canadians seeking purchases, but also for those seeking to invest. That's why value stocks have become a strong interest for Motley Fool investors today.

Value stocks are those with a history of a proven track record long term, and a strong future outlook. Further, these value stocks have valuable fundamentals that make them an attractive buy. So today, I'm going to ask that Motley Fool investors look past the supply chain issues on the **TSX** today. Instead, think long-term. That means you can pick up these value stocks with plenty of growth to look forward to in the future.

## Magna International

**Magna International** ([TSX:MG](#))([NYSE:MGA](#)) was a top buy when there was growth within the electric vehicle sector. The car parts manufacturer has created valuable partnerships that will see it grow within the EV sector, both now and decades from now. However, recent supply chain issues have caused this stock to drop lower and lower in share price.

Shares of Magna are up 67% in the last year, but down 15% over the last three months. Analysts believe the stock will have a troublesome third quarter, with expectations for full-year 2022 dropping, along with the remainder of 2021. This comes even as Magna acquired Veoneer as it further dilutes earnings.

However, if you can look past the supply chain issues and see Magna stock for its [future](#) potential, this is a great long-term hold for Motley Fool investors on the TSX today. Magna has a 1.75% dividend yield and trades as a value stock with a P/E ratio of 11, and EV/EBITDA of 5.1. That's far lower than where it was just a few months ago. So this is one of the value stocks I would lock-in.

## Martinrea International

Another company going through chip shortages is **Martinrea International** ([TSX:MRE](#)), with analysts recently cutting earnings per share estimates. However, in this case, the company could still manage to outperform the market. Also in the [automotive](#) industry, the company is creating a massive backlog due to supply chain issues. But management remains positive that it's one of the value stocks investors should consider.

Total sales recently were up 92.1% year over year, even with second-quarter results impacted by the global semiconductor shortage. The company continues to have a strong balance sheet, and new business bringing in a further \$40 million in sales, now totalling \$170 million this year.

Analysts believe this stock has deep value, especially for long-term investors looking past the near-term supply chain issues. Shares are down 20% year to date and 15% in the last three months. But given its strength, the company's P/E ratio of 6, and EV/EBITDA of 4.3 put it well within value territory. And there's a dividend yield of 1.74% to boot!

## Bottom line

If you're a long-term investor looking for value stocks, these both provide solid buy-and-hold options at cheap prices. Each has a promising future amidst the growth in the automotive industry. However, supply chain issues make many investors, Motley Fool ones included, wary of the TSX today. But it can't be denied that when this short-term problem disappears, these stocks are in for long-term gains.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:MRE (Martinrea International Inc.)

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