



Magna Stock Earnings: What to Watch on Friday

Description

Key Points

- **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) stock isn't likely to see much improvement and, in fact, lowered its outlook for 2021 based on several poor results.
- Production continues to increase, but supply-chain issues remain, and the termination of a deal weighs heavily.
- However, this may create a prime opportunity for investors looking to buy the stock for [cheap](#)!

Magna International will report its third-quarter earnings this Friday, Nov. 5. The results of one of the largest automotive parts producers in the world has seen a lot happen these last few months, yet Magna stock remains down.

After booming in the beginning of the year, Magna stock [remains](#) far below its full-year target from analysts. So, Motley Fool investors should watch the company carefully in the days ahead, as earnings could either show a rebound, with a boost from supply-chain issues, or the reverse.

Here's what to watch from Magna stock and its earnings report this Friday.

1. Earnings

What Motley Fool investors should watch from Magna stock is sales. Whether the company managed to increase its revenue at a time when supply-chain demands dwindled. In the case of this company, sales actually did quite well. Of course, one must keep pre-pandemic levels in mind. But still, it was impressive.

Magna stock saw sales more than double to \$9 billion. This came from global light vehicle production increase 58% year over year. Earnings per share reached \$1.40 compared to a loss of \$2.17 the year before.

Some changes have occurred since that last earnings report. Namely, the end of a deal with Veoneer. Magna stock was set to acquire the company for \$37 per share. Instead, Veoneer will pay a termination fee, as the company no longer seems to be as valuable as once thought.

2. Guidance

What Motley Fool investors will have to watch with Magna stock is future demand and whether Magna stock can reach that demand. And here is where Magna has actually offered some not-so-great news.

Its light vehicle production managed to come in lower than assumed, and, therefore, the company now expects sales between \$35.4 to \$36.4 billion. This is *billions* lower than the \$38 and \$39.5 billion offered in August. This comes as a direct result of lower sales and increased production, with items costing more and more.

However, Motley Fool investors looking to get in at a cheap price would do well to consider Magna stock still. These are short-term problems for a long-term company. Magna stock continues to have a partnership with **LG Electronics** and recently announced updates to its driver-assistance technology.

As electronic vehicles become more common, Magna stock will be in more demand. And that makes it a valuable stock today. Currently, it trades at a P/E ratio of 11.09. That's far and away lower than where it was earlier in the year. And with analysts predicting a potential upside of 33% in the next year.

Magna stock will deliver third-quarter results before markets open on Friday, Nov. 5.

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