



Canada's Very Own EV Stock May Surprise You!

Description

Did you know that Canada has its very own electric vehicle (EV) stock?

Or to put it more accurately: an EV parts stock.

While there aren't any major Canadian companies building entire EVs yet, there is at least one company that makes parts for them. And it recently inked a major deal that could land it major contracts with the world's biggest EV players. In this article, I will explore that stock and provide information to help you determine whether it is a buy.

Magna International

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is a Canadian car parts company that also does contract car manufacturing. It doesn't have a brand of cars of its own, but it manufactures parts and puts cars together for larger companies. Magna is by no means a great investment based on its established operations. The traditional gasoline car industry is a poor one, with declining margins and in some cases revenue. But Magna does have one thing going for it:

A Joint Venture (JV) with **LG Electronics** to manufacture EV components for the world's biggest car companies. The JV was announced this past January, and the agreement was signed in July. The newly formed company (LG-Magna e-Powertrain) will develop:

- e-Motors.
- Inverters.
- Onboard charges.
- e-Drive systems.

These are important components, many of which the modern EV is expected to have. Yet some companies entering the EV space can't make them themselves. Ford, for example, is reported to be relying on third-party suppliers for batteries—though it aims to change that. The more companies enter the EV space, the more need there will be for parts. So, it looks like Magna is tapping into a lucrative

market here. EV is one of the fastest-growing industries in the world, the LG/Magna JV will be a major supplier to it.

Since the LG/Magna venture was announced, we have seen ample evidence that the project has been moving ahead. Among other things, we have learned that the JV has:

- [Launched a website](#).
- Announced product specifications.
- Purchased overseas office space.

So this thing is clearly moving forward. The question is how swiftly it will start generating sales. So far, we don't know which companies LG/Magna will be supplying parts to, but there are rumours circulating that **Apple** [could be one of them](#). So there is a lot of promise here.

Fair warning

Before concluding this article, I must give one fair warning:

Magna's historical results have not been very good. From 2018 to 2020, its revenue declined, and its net income declined over the same period. Traditional auto is not a growth industry, and Magna's recent results bear that fact out.

This is definitely not a stock you'd buy based on its recent financial performance. It does, however, have a reasonably promising catalyst coming up on the horizon. So, it is a stock worth researching, if not buying.

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