



Forget Telsa: Buy This 1 TSX Stock Instead

Description

Tesla ([NASDAQ:TSLA](#)) investors have enjoyed a great return on their investment in the last few years. The stock has yielded outstanding 2,055% positive returns in the last five years. While the electric vehicle (EV) revolution continues to heat up, Tesla stock might not yield such extraordinary returns in the next five years, as it already looks overvalued.

But, thankfully, some other Canadian stocks could still help you ride the EV wave and yield Tesla stock-like high returns in the coming years. In this article, I'll highlight one such amazing stock that I find worth buying right now.

Magna International stock is underperforming the market

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is an Aurora-based auto parts and mobility technology company with a [market cap](#) of \$29.4 billion. The company specializes in designing, engineering, and manufacturing various parts of vehicles and is focusing on expanding its presence in the advanced mobility and EV segments.

Due to the COVID-19-driven demand issues, Magna has been facing big challenges since the start of 2020. That's the reason why its revenue fell by 17.2% YoY (year over year) to US\$32.6 billion last year. This double-digit drop in its revenue also affected the company's bottom line, as its adjusted earnings for the year fell by 34.7% YoY to US\$3.95 per share.

In the first half of 2021, the business environment improved with easing restrictions that led to the rising demand for its products. It helped Magna post a strong YoY jump in its sales and earnings in the first half. However, the ongoing supply chain disruptions across the globe forced the company to [revise](#) its full-year 2021 guidance downward in October.

That's one of the key reasons why MG stock continues to underperform the broader market by a wide margin this year. The stock is currently trading at \$97.90 per share with only 10.5% year-to-date gains. By comparison, the **TSX Composite** benchmark has yielded much better, nearly 20% returns this year.

But its long-term growth prospects look impressive

Despite its dismal performance in 2021, I find Magna stock really attractive for many reasons. First, its stock has a long history of consistently yielding strong positive returns for long-term investors. To give you an idea, MG stock has risen in eight out of the last 10 years. Second, it's one of the most reliable Canadian stocks to hold in uncertain times due to its large customer base and well-diversified business across the world.

While Magna stock hasn't yielded Tesla-like returns in the past, its management's growing focus on smart mobility technology and electric vehicle solutions are likely to give a big boost to its earnings growth in the coming years. Because of this factor, I expect its stocks to yield outstanding returns in the coming years — significantly better than its performance in recent years.

Also, due to the ongoing supply chain issues, long-term investors are getting an opportunity to buy this amazing TSX stock cheap at the moment. That's why you may want to add Magna stock to your portfolio before it's too late.

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