



This EV Stock Is the Biggest Growth Opportunity of 2022

Description

Motley Fool investors continue to narrow their focus in on the potential of electric vehicles (EVs) taking over the future of their portfolios. It's easy to see why. Finding a solid EV stock could mean you've set yourself up not only for decades of income but insane growth over the next few years.

In the next decade alone, most of the large car manufacturers have committed to turning their fleet into EVs or at least hybrids. This means an entire overhaul of their current models, supported by companies that can push them through the door into the new dawn of electric power.

But that doesn't mean you should buy up the car manufacturers themselves. Instead, I would consider this top EV stock that has plenty of growth potential and will be servicing all these companies in the years ahead.

Magna International

Magna International ([TSX:MG](#))([NYSE:MGA](#)) has to be one of the best plays to find the right EV stock for your portfolio today. The company provides car parts to companies across North America and Europe, with 46% of revenue coming from the former and 43% from the latter.

Magna stock provides basically every type of part from exterior and interior to body and electronic systems. It's this last part, though, that has investors excited, especially as an EV stock. EVs and even hybrids need those electric systems to function, providing a huge catalyst for Magna stock to make a killing in the future.

In fact, the company continues to put out press releases detailing how they are making it simpler to create an EV. These new opportunities are basically endless for the company, as it continues to make joint ventures with companies that can provide it with the path to success it needs.

It's not exactly clear sailing

If this is such a great EV stock, why is it trading lower? That comes down to supply-chain disruptions. And, I'll be honest, these disruptions won't disappear overnight. More demand for EVs continues, and that leads to more demand placed on Magna stock. Fuel cell, global chips, and supplies in general have all gone through a shortage. Add in [inflation](#), and Magna has some catching up to do.

During the last quarter, the company reported sales of \$9.1 billion, down 14% from the year before. Diluted earnings per share came in at \$1.54, down from \$2.45 the year before. Yet it still managed to increase its dividend by 5%.

The full year was bright, with sales up 11% year over year to \$36.2 billion and diluted EPS at \$5 — double the year before! So, clearly, pandemic restrictions had serious benefits for the stock. And a return to normalcy seems imminent.

Now what?

Not only is a return to normalcy coming, but as is an increase in [production](#). Magna stock is looking to increase its production across the board, but especially in China, where it hopes to reach 29 million units by 2024. Total sales are projected to be between \$38.8 and \$40.4 billion 2022 and between \$44.6 and \$47.1 billion by 2024.

This is directly related to its work as an EV stock. And it's why now is the perfect time to buy Magna stock. The company is trading near oversold territory at a relative strength index of 42. It offers value trading at 12.54 times earnings. Finally, you get a strong dividend yield of 2.97%.

As for its share price, analysts remain confident that it can reach a consensus target of \$117. That's a potential upside of 50% as of writing! That makes it one of the best EV stocks you can buy today for long-term gains.

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