



Is Magna (TSX:MG) Worth Holding for the EV Revolution?

Description

The EV “revolution” might sound a bit dramatic, but since it’s capable of triggering a massive economic shift, it seems apt enough. Transportation is currently the most dominant use of oil, especially in the U.S. and Canada, and mainstream adoption of EVs has the potential to impact the oil and gas economy of the world severely.

This will not happen overnight or even in a few years. Massive investment in the infrastructure and incredible breakthroughs in battery technologies and EV waste management is needed before EVs can realistically replace conventional vehicles. And even if everything stays on track for that to happen, market saturation is decades away.

For such a long time, predicting the market, let alone a single stock is almost impossible. But if you are willing to make a long-term bet on the EVs and associated businesses growing to new heights in the coming decade, would **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) be the right instrument to place that bet?

Why is Magna a good investment?

It’s important to understand that Magna International has a lot of good things going for it, many of which make it a worthy holding *even* without the EV market catalyst. It’s the largest automotive company in Canada (by market cap) and has an impressive international reach (about 89 countries).

Its product line is also quite diverse, and its forte is vehicle components. It’s the fourth-largest supplier of automotive parts in the world.

Its 340 manufacturing facilities and impressive customer portfolio, which includes well-known names such as **Ford**, **Toyota**, and **Ferrari**, are also essential strengths. The company also has most of the largest EV producers in the world in its client portfolio, including EV-only companies like **NIO**. The only exception is **Tesla**.

This indicates that Magna is already rooted in the EV industry and is well positioned to not just brace

for the shift to EV but capitalize on it.

The stock: From past to the future

Magna stock has seen a decent bullish phase between 2009 and 2018. It wasn't a flawless growth run, but despite the dips, the company returned over 800% at its peak. Since then, things have been a bit shaky. The pandemic shook things up, and the stock experienced one massive growth spurt and is currently going through the subsequent correction phase.

It's difficult to predict how exactly the stock will behave in the future. But we know that as a parts manufacturer and distributor, Magna can remain in its spot or even climb the ranks if it starts changing its production lines to EV-specific needs in the coming years. So, once the current phase is over, you may consider investing in this automotive company to capture the long-term upside of the EV revolution.

Foolish takeaway

If you are interested in [ESG investing](#), Magna may become a solid option in the coming years. The full scope of EV-based emissions (all the way from the mining of battery metals) hasn't been adequately addressed yet, so it wouldn't be an intelligent thing to consider all EV stocks "green" by default. And Magna is not a pure EV stock anyway, so its future repositioning may determine the environmental considerations of investing in it.

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