



Magna Stock Rose 9% in November: Is it a Buy Today?

Description

Magna International ([TSX:MG](#)) is a global automotive supplier based in Canada. The company functions in four major operational areas: Body Exteriors & Structures, Seating Systems, Power & Vision, and Complete Vehicles. Apart from Complete Vehicle engineering, this company also has product expertise inclusive of chassis, exterior, body, power train, seating, active driver assistance, mechatronics, electronics, lighting, mirror, and roof system.

Magna has recently made headlines in the stock market, as its stock rose 9% in the month of November alone. Indeed, the past couple of years haven't been good for the company, given the supply-chain issues and the semiconductor shortage. But there are reasons to buy this stock.

Let's find out if this stock is still worth investing in today.

Recent reports suggest growth remains strong

Despite concerns around growth in the automotive sector, Magna is a company that's actually been posting some solid numbers of late. Thus, for many investors, this may be viewed as a [growth stock](#) with less susceptibility to macro headwinds than the overall sector.

This can be seen in the company's recent third-quarter (Q3) earnings report. The company brought in revenue of \$9.27 billion, which amounts to a 17% year-over-year growth rate. Additionally, Magna's net income surged 4% to \$289 million on a year-over-year basis.

Unfortunately, the company's earnings per share did not live up to Wall Street expectations, coming in 11% under estimates. This is the black eye that some investors may be focusing in on right now.

Now, it's clear from these numbers that some amount of margin degradation is taking place. As mentioned, supply chain issues and other inflationary forces aren't bullish for Magna stock. But if the company is able to pass on a significant amount of these increases to its customers over the medium term, this is a company that should be well positioned for growth long term.

Magna to present key innovations at CES 2023

Magna is preparing to display its futuristic innovations at CES 2023, one of the most influential tech events in the world. The automaker will showcase its “Power of Magna” in the four core areas of complete vehicle and system design.

Some of the details around what Magna is working on are intriguing, to say the least. The company will be presenting morphing surfaces for its Mezzo Plus front panel. This will provide improved aerodynamics, allowing for modifications to the exterior shape of a vehicle to take place to improve functionality and efficiency. Additionally, new parts for its EV clients will also be released.

Bottom line

Overall, I remain bullish on Magna during this difficult macroeconomic time. This is a company that’s proven its ability to grow over the long term, and weather short-term storms. Now, the question is whether this stock is a buy at these levels.

I think averaging into Magna stock at these levels may make sense. This is still a company with a relatively fair valuation, which could see some valuation compression on the horizon. But over the long term, I expect this stock to perform very well, given its innovative approach to what’s normally a boring space.

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