



What's Ahead for Magna International Stock?

Description

There are many companies that have gotten over the hurdle of supply-chain disruptions. Yet **Magna International** ([TSX:MG](#)) is not yet one of them. Magna stock continues to find it difficult to get supply up to demand, and it's caused the stock to remain far below the TSX today.

Does that mean investors should get out? Or does it present an opportunity? Today, let's look at Magna stock to see what's in store this year and beyond.

What happened?

Magna stock continues to adjust its future expectations, with the company providing guidance lower than originally stated. This comes as the company continues to find it difficult to gain momentum in terms of its supply.

The company reported at the end of January that it now expects to reach adjusted earnings before interest and taxes (EBIT) of about 4.3% for 2022. This is far below the expected 4.8% and 5% announced back in November 2022.

Preliminary results suggest the company will reach about US\$37.8 billion in sales for 2022, which did indeed fall within its US\$37.4 and US\$38.4 billion guidance. Yet the company still has yet to put out its earnings report, which is expected out on Feb. 10.

Shares dropped at the lowered expectations, with the company down about 12% in the last year. And yet, as earnings draw closer, shares have increased by 15% since the beginning of 2023. So, what are investors hoping for?

Analysts on board

It could come down to the future of the industry, as it always does, especially with analyst support. Many had downgraded Magna stock on the TSX, but those analyst ratings are now bouncing back

upwards. The biggest support for this is Magna stock's investment in the future of cars. With an acquisition of Veoneer Active Safety, as well as partnerships to provide more electronic components, it looks like Magna stock is set up for the shift to electric vehicles.

This is incredibly helpful given that in the past, auto parts sales tend to be pretty cyclical. There is now time for massive growth in the shift to electric vehicle parts. This should help offset the lower production levels, which led to this decline in share price, according to analysts.

But is it valuable?

Shares of Magna stock trended upward when President [Joe Biden](#) came into office, making sweeping announcements about the future of electric vehicles. While the future is uncertain, it led to an incredibly big jump in share price.

After reaching those highs in June 2021, shares fell until October of last year, when a climb has been happening ever since. It's a slow climb, but a climb, nonetheless. And, frankly, Magna stock now looks [well valued](#) on the TSX today.

Yet that doesn't mean you should ignore the stock or wait for a drop. Over the last decade, Magna stock has climbed by 318% to where it is at the time of writing. That's a compound annual growth rate of 15.4%! Meanwhile, it offers a dividend yield of 2.77% as of writing as well. So, you can look forward to this growth and dividends in the years to come. That's something you won't want to wait around for.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Investing

Date

2025/07/19

Date Created

2023/02/08

Author

alegatewolfe

default watermark

default watermark