



## My Top Value Stock Pick for February 2023

### Description

The [Canadian stock market](#) has begun 2023 on a strong note, as the **TSX Composite** benchmark has risen 6.8% year to date. These recent gains were primarily led by a sharp recovery in [high-growth stocks](#), as the recent signs of cooling inflation seemingly boosted investors' confidence.

Despite the market recovery, however, some [large-cap stocks](#) have slipped lately after their poor financial performance in recent quarters spooked retail investors. As the ongoing economic challenges are likely to be temporary, you can expect the financial growth performance of [fundamentally](#) strong businesses to improve in the coming quarters, which should help their share prices recover fast.

Given that, the recent dip in such stocks could be a great opportunity for long-term investors to buy them cheap. Let me quickly highlight one such [Canadian value stock](#) I find worth considering right now.

### A top Canadian value stock to buy in February

Before investing in a beaten-down value stock, you should always look at its underlying fundamentals and financial position. This way, you can avoid investing in highly volatile and weak stocks that could potentially increase your risk profile.

With that in mind, I find **Magna International** ([TSX:MG](#)) to be an attractive large-cap value stock to consider right now. This Aurora-headquartered mobility technology and auto parts company currently has a [market cap](#) of \$21.3 billion, as its stock trades at \$74.56 per share with about 2% year-to-date declines, underperforming the broader market. At this market price, it offers a 3.3% annual dividend yield.

### What has affected MG stock's price movement lately?

After consistently rising in the previous three years, MG stock dived by 26% in 2022, as the global pandemic-driven supply chain crisis hurt global auto production, also affecting Magna's business growth.

After falling for three consecutive quarters, Magna's revenue growth trend turned back positive in June 2022 quarter as its sales rose by 4% YoY (year over year) to US\$9.4 billion. Its revenue-growth trend improved further in the September quarter, with its sales growing by 17% YoY with the help of a recovery in global light vehicle production.

After these two consecutive quarters of positive revenue growth, investors started anticipating that the worst phase for Magna International might already be over. However, its fourth-quarter results, released on February 10, disappointed investors again. Its revenue-growth rate in the December quarter [fell](#) again to 5% YoY, which led to a 30% drop in its adjusted earnings to \$0.91 per share. This earnings figure was also lower compared to Street's expectation of \$1.02 per share. As a result, MG stock tanked 19.4% in the week ended on February 10.

## What makes it look attractive now?

It's important to note that higher labour costs, temporary operational inefficiencies, and higher warranty costs were some of the key reasons that affected its results in the last quarter.

Nonetheless, the weakness in its recent quarterly results might not significantly impact its long-term growth outlook as Magna International's recent results don't reflect a sustainable downtrend in demand for its products and services. In fact, its recently developed smart and electric mobility solutions are gaining popularity among global automakers, which should help accelerate financial growth trends further in the long term.

Moreover, Magna is one of a few large-cap Canadian companies that have a strong financial base with a resilient business model to survive through tough economic times. Given its strong long-term growth outlook, the recent declines in MG stock make it look [undervalued](#) to buy now and hold for the years to come.

### CATEGORY

1. Investing
2. Stocks for Beginners

### 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. jparashar
2. kduncombe

## Category

1. Investing
2. Stocks for Beginners

## Date

2025/08/11

## Date Created

2023/02/14

## Author

jparashar

default watermark

default watermark