Forget Tesla (NASDAQ:TSLA): This Canadian EV Stock Can Make You Rich!

Description

Tesla (NASDAQ:TSLA) is one of the most popular stocks on the planet right now. While the COVID-19 pandemic has decimated several auto stocks, Tesla continues to trade at record highs, clearly immune to the dreaded virus.

Shares of electric-vehicle maker Tesla have been on an absolute tear in 2020. Tesla stock is up 435% year-to-date and 893% in the last five years, easily outperforming peers and the broader market. This means Tesla is trading at a market cap of $416.4 billion, indicating a forward price to sales multiple of 14 and a price to earnings multiple of 256.

Tesla is no doubt trading at an expensive multiple and Wall Street believes it is overvalued at the current price. In fact, the 12-month average target price for Tesla stock is $1,340 which is 40% below its current trading price.

Tesla has surpassed delivery estimates and financial projections in 2020. Further, Elon Musk remains bullish on the long-term prospects of the company and owns 21% of its outstanding shares. Tesla currently caters to an affluent buyer-market where customers are unlikely to alter consumption habits in an economic slowdown.

The company aims to achieve economies of scale via mass production which will drive sales in emerging economies of Asia and Latin America. Tesla's early-mover advantage, solid leadership, and an expanding addressable market render it a top buy in the upcoming decade.

This Canadian company can outperform Tesla

Given Tesla's outsized gains, the stock remains vulnerable in a market sell-off. Further, growing competition in the electric vehicle space will ensure investors remain cautious. However, the forthcoming potential in the EV space remains massive, which makes Canadian stocks such as **GreenPower Motor** (TSX:GPV) a top buy for investors.

Shares of GreenPower have gained a staggering 2,300% since March 2020. The stock is still valued at a market cap of $423 million, making it a winning bet among Canadian small-cap companies.

GreenPower designs, manufactures, and distributes zero-emission EVs that cover the local cargo, delivery market, and school sectors. It has completed the delivery of 68 buses and generated revenue of $13.5 million in fiscal 2020 ended in March.

GreenPower is the only publicly traded EV-manufacturer in North America other than Tesla. The company presentation states that the number of battery-powered medium and heavy-duty commercial vehicles sold in the U.S. are expected to grow from 1,600 in 2020 to 50,000 in 2025, and 912,000 in 2040.

GreenPower is well diversified and expects demand from universities, airports, vanpooling and transit authorities that have already purchased multiple vehicles.

The Foolish takeaway

GreenPower has managed to double its sales in the last year and analyst expects the company revenue to touch $24.5 million in fiscal 2021. At a gross margin of 30%, GreenPower management believes it does not require a significant increase in revenue to attain a positive cash flow.

The strong demand for EV vehicles has attracted investor attention towards small manufacturers such as GreenPower. While this sector is capital-intensive, there is significant potential to grow sales multifold and drive profit margins higher over time.

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Author
araghunath