Forget Tesla (NASDAQ:TSLA): This EV Stock Is Doing 8x Better!

Description

Tesla (NASDAQ:TSLA) has been a phenomenal growth stock, appreciating more than 1,000% in the last five years. The massive run up of 675% in the last 12 months might put the stock on a pause in the short run.

Interested investors of Tesla should also consider this smaller electric vehicle (EV) stock. Tesla has a market cap of close to US$500 billion. In comparison, **GreenPower Motor** (TSXV:GPV)(NASDAQ:GP) is tiny with a market cap of only $700 million.

The small EV stock has much more growth potential. A taste of it is evident in its recent price action. While Tesla appreciated 24% in the last month, GPV stock did eight times better by appreciating more than 200%!

In a recent presentation, GreenPower Motor highlighted that other than Tesla, it's the only publicly traded EV manufacturer in North America that's delivering units consistently.

About the EV stock

GreenPower Motor was founded in 2010 and headquartered in Vancouver, Canada. The company designed, engineered, and manufactured its battery-electric, zero emission buses and trucks from the ground-up, aiming to make them durable and affordable for its customers.

Notably, its vehicles are the first in its class to be both Federal Transit Administration (FTA) Altoona certified and Buy America compliant. These provide access to federal incentives that makes its vehicles a top choice for buyers. Specifically, the FTA will subsidize as much as 80% of the purchase price for these green vehicles.

GreenPower Motor's customer base includes the local cargo and delivery market, transit, shuttle, and school sectors.

Recent results

In the last fiscal year that ended March 31, 2020, GreenPower Motor completed and delivered 68 buses, generating revenue of US$13.5 million with a gross profit margin of 30%.

This fiscal year, the small-cap stock's revenue growth might slow due to pandemic impacts. For example, in the first half of fiscal 2021, GreenPower Motor's reported revenue of about US$5.1 million — 35% lower from a year ago.

Its balance sheet is strong. Thanks primarily to getting uplisted to the **NASDAQ**, GreenPower Motor was able to raise its cash and equivalents to US$27.9 million, up significantly from US$0.3 million two quarters ago. It also has a rock solid current ratio of 8.1 times.

Growth and volatility

GreenPower Motor expects near-term demand for its EVs to remain strong, and it has the production capacity to fulfill that demand. Research organization *BloombergNEF* projected sales growth of battery-electric medium and heavy duty commercial vehicles (the market that GreenPower Motor is in) in the United States to be 99% per year through 2025, 64% per year through 2030, and 37% per year through 2040.

This means that GreenPower Motor should experience the greatest growth over the next five years. So, in all likelihood, the sooner one hops on the growth train, the better. But this also means that the stock would be up for valuation contraction down the road, which is something that investors need to watch out for.

GreenPower stock is highly volatile. In the COVID-19 market crash, it fell to as low as $1.16 per share. From there, the small-cap stock has been a 31-bagger in about eight months! At $36.79 per share at writing, the growth stock trades at 239 times next 12 months' earnings versus Tesla that trades at 139 times.

The Foolish takeaway

EV is an exciting space to invest in. It's the now and future, and we will shift more and more toward EVs.

That said, both Tesla and GreenPower stocks have had nice run ups recently. It'd probably be safer to buy their shares on meaningful corrections. However, if you really like the space, then consider building a position over time — perhaps start with buying a third of a position now.

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kayng