Buy Alert: Is This Canadian EV Stock the Next Tesla (NASDAQ:TSLA)?

Description

In 2020, electric vehicle (EV) stocks were on an absolute tear. Shares of **Tesla** (NASDAQ:TSLA) gained an astonishing 743% last year compared to the 15% rise in the S&P 500 Index.

As the world shifts towards clean energy solutions, the demand for EV vehicles is expected to gain momentum in the upcoming decade. This means it is a good time to bet on companies that are part of this high-growth vertical.

Tesla stock is down 37% from record highs

After its astonishing run in 2020, Tesla stock is currently trading 37% below its record high. The broader market sell-off coupled with the stock's steep valuation have contributed to its recent decline. Further, a new EV launched by **Ford** is cutting into Tesla's market share in the U.S.

The rise in competition in the highly disruptive EV space has meant that Tesla's regulatory revenue growth might also decline in the upcoming years. In 2020, Tesla derived US$1.6 billion in regulatory credit sales, and this figure might touch US$2 billion in 2021.

Last month, Tesla also announced it temporarily halted production of its Model 3 due to lack of parts. However, the company's leadership position in the EV space and a visionary CEO in Elon Musk at the helm make Tesla one of the top growth stocks to consider for your portfolio.

Last year, Tesla sold close to half-a-million automobiles and generated consistent profits. It also listed on the S&P 500, which pushed the stock to record highs.

Tesla stock is currently valued at a market cap of US$540 billion, indicating a forward price-to-sales (P/S) multiple of 11.7 and a price-to-earnings (P/E) ratio of 137. While the P/E ratio is still high compared to peers, Tesla continues to grow revenue and earnings at a rapid pace.

Analysts covering Tesla expect sales to rise by 52.5% to US$48.09 billion in 2021 and by 30.3% to US$62.66 billion in 2022. Its earnings are also forecast to grow by 83.5% in 2021 and 33.8% in 2022.

Wall Street expects Tesla stock to touch $630 in the next 12-months, indicating it's trading at a discount of 12% right now.

GreenPower Motors is a top Canadian EV stock

Similar to Tesla, Canada-based EV company **GreenPower Motors** (TSX:GPV)(NASDAQ:GP) has lost ground in the last month. GreenPower stock is down 33% from record highs. Despite this pullback, shares have returned over 1,000% in the last 12 months.

GreenPower stock is valued at a market cap of US$568 million, which means its P/S ratio is 30.8. However, sales are forecast to grow by 39.6% to US$18.84 million in 2021 and by 174% to US$51.59 million in 2022.

GreenPower is an EV bus manufacturer and was founded in 2010. It aims to improve the technology in EV buses and trucks, making them efficient and affordable. It is part of an industry with massive potential and multiple secular tailwinds.

Last month, GreenPower partnered with **Berkshire Hathaway**-owned Forest River to supply 150 chassis-cab versions of its EV Star vehicle. Following this deal, B. Riley's analyst Christopher Souther reiterated a "buy" rating on GPV stock and raised his price target to $38 from $35. According to Souther, Forest River could become a major customer for GreenPower over time.

If you are looking to add a growth stock that is well poised to disrupt the EV space, investing in GreenPower makes perfect sense.

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