



## Next Tesla? Should You Buy This “Electric” Canadian Stock on the Dip?

### Description

Hungry investors are always on the hunt for the next millionaire-maker stock — the next **Tesla**, if you will. The rise of Elon Musk’s electric vehicle (EV) empire is nothing short of remarkable, as too were the gains enjoyed by shareholders who stuck through both the good times and the bad. We’re all about long-term investing here at The Motley Fool Canada and believe that millions can be made by investors over the course of decades for those with the patience to focus on the long haul — not the short-term trades that seem to dominate the limelight of the mainstream financial media.

Some Fools may tout an EV-leveraging ride-hailing company like **Facedrive** (TSXV:FD) as the next Tesla, which, I believe, is more like an electrified **Uber** or **Lyft**. Regardless, investors must put in their own due diligence before coming to such conclusions and placing bets on red-hot stocks that others may praise as the next big thing.

### The EV hype is spreading all around

Undoubtedly, the EV euphoria had spread to Facedrive and other firms that have anything to do with sustainable transport. That said, I didn’t really see a “moat” in an EV-flavoured ride-hailing company like Facedrive. Really, what’s stopping Uber or Lyft from electrifying its business model?

In any case, investors really need to insist on a wide moat if they’re looking at paying-up a nosebleed-level valuation for a company’s shares. Otherwise, they could be asking for trouble, as momentum tends to act as a double-edged sword. It can reverse in a hurry, leaving latecomers holding the bag at the expense of others who’ve deemed it’s time to ring the register.

### Should you buy the “next Tesla” at a discount?

After shedding over 55% of its value amid [the latest tech plunge](#), some may view Facedrive as a “golden opportunity” to snag shares of the next Tesla before its next leg up. Tesla had more than its fair share of plunges in the past. Yet, none of it mattered at the end of the day, when the stock skyrocketed, dwarfing all of its past declines.

Can Facedrive continue its run, as Tesla did just over a year ago? It's possible. But before you think about backing up the truck on the play, I'd encourage investors to consider competitive pressures brought forth by Facedrive's bigger brothers in the ride-hailing scene.

## Facedrive could find itself up against Uber, Lyft, and Tesla

I think it's foolish (that's a lower-case *f*, folks!) to discount the power of the Big Two ride-hailing kingpins or Tesla, which could be getting into the business of ride-hailing once its driverless tech is ready to go.

If you believe that EVs are the future, and they'll gradually replace gas-powered vehicles over the next decade, then Uber and Lyft may be in a better spot than Facedrive to dominate the EV ride-sharing market, given their deeper penetration across North America.

Still, neither Uber nor Lyft have the widest moats to begin with. If Facedrive can continue executing, it could cut into their turf. But once Tesla's ride-hailing service lands, I fear that Facedrive stock could drop like a rock.

## Facedrive: A millionaire-maker stock to bet on?

Is Facedrive [the new or next Tesla](#)? Probably not. But that doesn't mean it can't be the next Uber or Lyft.

If it can bring the fight to the Big Two, I see meaningful upside for Facedrive stock. Personally, I wouldn't invest in ride-hailing, because Tesla could do to the ride-hailing industry what **Amazon.com** did to brick-and-mortar retail.

As such, I remain on the sidelines and will be staying there, regardless of how much further Facedrive stock falls. I'm just not a fan of the business model or the competitive environment that lies ahead.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. TSXV:STER (Facedrive Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Investing
2. Stocks for Beginners
3. Tech Stocks

**Date**

2025/07/28

**Date Created**

2021/03/12

**Author**

joefrenette

default watermark

default watermark