



Think Beyond Tesla (NASDAQ:TSLA): This TSX Stock Is a Better EV Play

Description

The exuberance around electric vehicles (EVs) has sent related stocks to the moon. The frontrunner **Tesla** is up almost 400% in the last 12 months. Though valuation concerns have brought the stock lower in the last few months, the excitement around EVs will not wane soon. So, if you are looking for attractive, reasonably valued, alternative EV stocks, consider **Orocobre** ([TSX:ORL](#)).

Orocobre and EV boom

Orocobre is a \$2 billion Australia-based company and a global supplier of lithium carbonate. The company does not seem like a boring mining company anymore. It offers an interesting investment proposition due to its recent aggressive expansion and impending EV market surge.

Lithium-ion batteries are extremely efficient over lead-acid batteries, which are used in smartphones and EVs. Lithium producers have seen a significant demand surge in the last few years, driven by rising investments in the EV space.

Orocobre recently announced its plans to merge with peer Australian miner Global Resources for the US\$3.1 billion. The combined entity will be the fifth-largest lithium chemicals company in the world.

It will have geographically diverse assets in Japan, Argentina, Australia, and Canada. Both these companies have significant project expansions underway, which will likely help the combined entity gain the market share.

Recent expansions and growth projects

Orocobre's lithium facility Olaroz, located in Northern Argentina, produces both EV-grade and industrial-grade lithium carbonate. The company is building a lithium hydroxide plant in Japan in partnership with Toyota Tsushe Corporation.

This lithium hydroxide plant, with 10,000 tonnes per annum capacity, is to provide Orocobre margin

expansion and product diversification.

Lithium is recovered from saline water through solar evaporation followed by a lengthy chemical process. South America and China have plenty of these lithium-rich brine resources. Undoubtedly, the Asian giant is a major producer of EV batteries.

Financials and stock performance

For the six months ended December 31, 2020, Orocobre reported US\$35.9 million in revenues, representing a drop of 27% year over year. The company reported a net loss of US\$29.1 million in the same period.

It saw a significant decline in costs and a record increase in sales volumes recently. A rapidly growing lithium demand and Orocobre's recent expansion plans will likely bode well for its top-line growth in the next few years.

Orocobre stock is up 220% in the last 12 months. TSLA stock looks overvalued, despite its recent correction. At the same time, Orocobre is relatively cheaper and offers significant growth prospects.

It will likely continue to soar, driven by enthusiasm for EVs and an overall improved industry outlook. The industry is still in the nascent stage and could see [enormous growth](#) in the years to come.

According to *Markets and Markets*, there will be almost 27 million EVs out there by 2030, as compared to 3.2 million in 2019. That [indicates](#) astounding growth of 41% compounded annually.

An EV boom will significantly drive lithium demand, as it has in the last few months. That certainly makes low-cost operators like Orocobre one of the top contenders to play EV growth.

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