



Is Facedrive the Canadian Tesla?

Description

Tesla stock had an interesting ride throughout the 2010s. Elon Musk grew into a controversial figure, as he ruffled the feathers of the SEC with his loose tongue on social media. However, his enthusiasm has been infectious, and he has developed something of a cult following. He founded Tesla, a luxury electric vehicle (EV) company that has struggled with production setbacks at times. However, its stock has soared 346% year over year as of early afternoon trading on April 27. Today, I want to discuss whether **Facedrive** (TSXV:FD) can grow into the Canadian equivalent in the EV space.

Why investors are excited about EV development

There are few sectors that have inspired the same excitement as EV development. This space was still just getting its legs under it in the 2010s. Now, dozens of top automobile manufacturers are jumping head-first into EV production. The broader market is geared up for huge growth over the course of this decade.

EV sales were not exempt from reduced activity in the auto sector during the global pandemic. However, the lead up to 2020 demonstrated the potential in the EV market going forward. Sales of EVs rose over 2.1 million worldwide in 2019, beating out 2018 numbers. EVs accounted for 2.6% of total sales and 1% of global vehicle stock in 2019 — up 40% from the prior year.

The International Energy Agency (IEA) recently projected that the EV market would reach a 30% market share in all modes except two-wheelers by 2030. This market should also receive a boost from the renewable energy push across the public and private sector.

This attractive growth trajectory has fueled interest in stocks like Facedrive. In January, I'd [suggested](#) some top EV stocks for Canadians. However, sometimes the hype for EV stocks can overshadow reality.

Does Facedrive have the same potential as Tesla?

Facedrive is an Ontario-based ride-sharing company. Its shares have climbed 8% in 2021 so far. The stock is up 243% year over year.

The company started to gather significant momentum in late 2020. It revealed that it was stepping into the EV space, offering customers the opportunity to rely on EVs for their ride share. In September 2020, Facedrive announced that it had acquired Steer, a fast-growing specialized EV subscription business. At the time, I'd suggested that Facedrive could be a [millionaire maker](#) for TSX investors. Steer was set to launch in Ontario in March 2021. However, how much promise does Facedrive hold in the near term?

In early April, Facedrive provided a corporate update and growth report. The report stated that the COVID-19 pandemic had dramatically impacted the demand for ride sharing across Ontario. Indeed, the launch of Steer has coincided with Ontario's third lockdown over the past year. This is bad luck for the up-and-coming company.

Despite the pandemic, Facedrive saw revenues from the ride-share business climb steadily in the second half of 2020. The number of drivers and users also increased.

Facedrive is still a long way from profitability. Moreover, it is operating in a highly competitive environment. **Uber** and **Lyft** are also investing in EV ride-share options. The EV market is exciting, but investors should be careful not to burn themselves on stocks like Facedrive right now.

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