
Forget Tesla: 1 Top Canadian EV Pick to Buy Today

### Description

**Tesla** (NASDAQ:TSLA) has been an absolutely incredible growth stock for EV investors. Those who have held steady with Tesla over the past decade have seen their money grow exponentially.

However, trees don't grow to the sky. At some point, valuation concerns limit the amount of upside growth. Indeed, the EV space is chock full of stocks like Tesla with valuations that continue to remain obscene.

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That said, there happen to be a few decently valued options in the EV space today. Moving away from mainstream stocks, **NFI Group** (TSX:NFI) is one unique small cap Canadian play on the EV sector. Let's discuss why.

## Strategic EV overhaul changing NFI's growth trajectory

Most investors know NFI as a conventional bus maker. And that they are.

However, NFI has recently been shifting more of its infrastructure and production to zero-emission buses (ZEBs). Currently, NFI is leading the way in terms of North American battery-powered buses. Yes, this is a smaller, niche segment of the overall EV market. However, for NFI shareholders, it's a potentially meaningful growth market most investors are ignoring right now.

This strategic move couldn't be more well-timed. The company has a range of tailwinds supporting its growth prospects. These include a favourable political climate (both Trudeau and Biden are big supporters of the EV shift) and tightening carbon emissions standards (both publicly and privately set).

Demand for ZEBs continues to rise and there are indications a paradigm shift is underway. Transport authorities are increasingly looking at ZEB options to replace their existing fleets. Indeed, this setup appears perfect for NFI shareholders right now.

For NFI, the potential to capture a significant portion of what could be a substantial market ought to woo shareholders. It's still early innings in this trade, and NFI stock remains attractively priced relative to its EV peers, such as Tesla.

## NFI turning it around

Since hitting a peak near $60 per share in 2018, NFI saw its share price fall to below $15 this past year. There are a number of reasons for this. Business prospects and the long-term outlook for NFI weren’t as bright as they once were. Given some massive revenue drops in recent years, questions about just how much growth could be on the horizon began to surface. Indeed, NFI needed a catalyst to support increased spending on fleet upgrades. The EV transition has provided this catalyst in a big way.

Looking forward, NFI’s management team expects solid growth. The company has projected out 20-25% of its revenue coming from ZEBs this year along. By 2025, NFI would like that number to be closer to 40%.

Given the massive interest in zero-emissions options in every sector, NFI’s value lies in its growth prospects. Today, the company appears much better-positioned than in the past. For long-term growth investors, this is a great thing.

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1. NASDAQ:TSLA (Tesla Inc.)
2. TSX:NFI (NFI Group)

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