



Lucid Group vs. GreenPower Motors: Which Electric Vehicle Stock Is a Better Buy?

Description

After a stellar run in 2020, electric vehicle stocks have taken a breather this year. Investors were worried about steep valuations of companies part of this disruptive sector as well as supply chain issues that are impacting the availability of semiconductor chips, eventually weighing on production numbers in the next few quarters.

But this also provides investors an opportunity to buy shares of growth companies at a lower multiple. The shift toward electric vehicles is expected to gain pace in the upcoming decades, making stocks such as **Lucid Group** (NYSE:LCID) and **GreenPower Motors** ([TSXV:GPV](#))([NASDAQ:GP](#)) stellar bets right now.

Lucid Motors is valued at a market cap of \$40 billion

A pre-revenue company [valued at a market cap](#) of \$40 billion, Lucid Group is viewed as the next **Tesla** due to the company's focus on high-end electric vehicles. But the stock is also down 57.5% from all-time highs, allowing investors to "buy the dip."

The company already [owns a 500-acre property](#) in Arizona and where it is building North America's first greenfield electric vehicle facility. The Arizona manufacturing facility has an annual production capacity of 10,000 units, which can be expanded to 300,000 units over time.

Last month Lucid Motors disclosed it began the production of the Air Dream Edition, a luxury sedan priced at US\$169,000. Further, the company also received a battery range rating of 520 miles by the U.S. Environmental Protection Agency, the highest in the EV space.

Lucid Motors emphasized that the reservations for the Air Dream Edition have surpassed 13,000 units, which will generate over \$1 billion in sales. The total number of reservations has increased from 9,000 in May 2021.

Lucid Motors ended Q2 with a cash balance of \$4.4 billion providing the company with enough liquidity

to fund operations until the end of 2022. The EV company now aims to increase the number of retail and service locations to 20 by the end of this year, up from eight in Q2.

The company's CEO expects to sell 20,000 Lucid Air sedans next year and the stock will gain pace if Lucid Motors can surpass these estimates.

GreenPower Motors stock is down 60% from all-time highs

Valued at a market cap of \$336 million, shares of GreenPower Motors grew by a staggering 750% in 2021. In the fiscal first quarter of 2022, GreenPower reported revenue of \$2.7 million and a gross margin of \$850,000, which was 32% of total sales.

Its revenue rose by 17% year over year and the company ended Q1 with a vehicle and charger inventory of \$6.2 million. It also had another \$12.5 million of vehicles under production inventory and 300 vehicles at various stages of production.

GreenPower confirmed it has enough liquidity on the basis of its current production rate with \$31.3 million in working capital. This includes \$9.1 million in cash as well as an undrawn line of credit. Its cash costs in Q1 stood at \$1.97 million compared to \$2.03 million in the prior quarter.

GreenPower expects cash costs to increase in the following quarters as it expands its footprint going forward. Analysts expect GreenPower to increase sales by 580% year over year to \$80.84 million in fiscal 2022 and by 90% year over year to \$153.5 million in 2023.

The Foolish takeaway

Both, Lucid Group and GreenPower Motors are well poised to outpace the broader markets in the future. Despite Lucid Motors' steep valuation, it remains an enticing bet given the optimism surrounding its fleet of EVs and a stellar management team at the helm.

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