



Forget Tesla: This Canadian EV Stock Is Worth a Hard Look

Description

Of late, there have been some very big moves among top [growth stocks](#) in the market. For **Tesla** and other electric vehicle (EV) stocks, the recent risk-off sentiment we're seeing is certainly creating some meaningful sell-offs. Currently, Tesla stock is down 20% from its peak, driven by bearish consumer sentiment. That said, Tesla is actually outperforming many of its early-stage EV peers right now.

Indeed, for those looking for value in the EV space, there's plenty out there. One stock I'm watching right now, that's currently down approximately 40% from its 52-week high, is **NFI Group** ([TSX:NFI](#)).

Let's dive into why this Winnipeg-based transit-bus manufacturer could fit the bill as a top EV stock to consider right now.

NFI: An EV stock, or just a solid company?

NFI Group is a company that's traditionally focused on transit buses. However, the company has begun to transition more and more of its production to ZEBs, or zero-emission buses. Within the ZEB segment, NFI's production capacity is remarkable in North America and the U.K. The company can generate around 8,000 units per year. Besides pure EVs (rechargeable batteries), NFI Group's product range includes hydrogen fuel cell ZEBs.

Indeed, the EV market is much larger than simply passenger vehicles. And while 8,000 units may seem like a small number, the price tag per bus is much more attractive, providing NFI with decent growth prospects, if the company can ramp up production.

To be sure, NFI is a niche player in the auto manufacturing sector. However, this company's oft-overlooked business model is one that could potentially provide investors with long-term value. I think NFI is among the EV-focused stock that's simply not getting a lot of attention right now. Accordingly, this company's valuation at only \$1.4 billion leaves plenty of room for long-term growth, for those bullish on the rise of EVs among sectors other than passenger vehicles.

Strong growth prospects on the horizon

Another reason I think NFI is worth a hard look is this company's long-term growth prospects. Indeed, over the near-term, NFI's growth is somewhat constrained by current manufacturing capacity. However, the company's transition into other segments outside of larger buses, such as smaller motor coach parts and service businesses, is often overlooked. Additionally, NFI is looking at growing its infrastructure and EV charging solutions, a business that's flown under the radar somewhat of late.

Of course, these businesses will take time to fully develop. Accordingly, there's a significant amount of execution risk with this stock. Investors have to believe that NFI will do what it says it will do. Right now, that's hard for many investors to do, considering how bearish sentiment is in the market right now.

However, those looking to accept perhaps a slightly higher risk level may want to look at NFI. This company's recent financials provide a lot to like about where NFI is projected. Analysts predict NFI's earnings could increase by more than 31% per year over the next five years.

As far as EV stocks go, those are numbers investors can get behind.

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