



Buy Alert: 2 EV Stocks With Lavish Return Potential

Description

Conventional or gas-powered vehicles could be off the road sooner than expected. The increasing demand for fuel-efficient and low-emission vehicles will surely accelerate deployment of electric vehicles (EV). A study by Astute Analytica forecast the global EV market to grow by 21.99% (CAGR) from 2022 to 2050. The revenue could hit US\$72.8 billion, too.

On a regional basis, the same study foresees North America to register the second-fastest growth during the period after Asia Pacific. Meanwhile, investors should keep a close watch on EV stocks like **NFI Group** ([TSX:NFI](#)) and **Lion Electric** ([TSX:LEV](#))(NYSE:LEV).

Both TSX stocks are underperformers thus far in 2022, although market analysts maintain a [bullish sentiment](#). A breakout is imminent, and the [potential returns](#) in 12 months could be lavish.

Growing ZEB adoption

NFI is not only a bus manufacturer but is also a solutions provider. The \$1.48 billion Winnipeg-based company boasts the largest ZEB (zero emission bus) production capacity in North America and the United Kingdom. Its primary goal is to lead the evolution to global zero-emission and electric mobility.

Management expects significant improvement in financial performance by the back half of 2022 and beyond as markets and global supply recovers. NFI also projects a growing adoption of ZEBs over the next 10 to 15 years, as operators in global transition their fleets to zero-emission.

Orders and partnerships are piling up to start 2022. The latest development is an EV partnership with BYD UK. NFI subsidiary Alexander Dennis Limited will supply over 130 battery-electric double deck buses to Zenobe and National Express. The partnership includes vehicle spare parts supply for planned preventive maintenance over 16 years.

New Flyer of America, another NFI subsidiary, secured a contract to supply the Rhode Island Public Transit Authority with 14 battery-electric, zero-emission, 40-foot heavy-duty transit buses. Southeastern Pennsylvania Transportation also has a firm order of 220 40-foot, heavy-duty, hybrid-

electric transit buses.

At \$19.68 per share, NFI is down 2.9% year to date. However, market analysts see an upside potential between 39.2% (\$27.39) and 78% (\$35.03) in one year. The overall return to would-be investors would be higher if you factor in the [generous dividend yield](#) of 4.32%.

Leading OEM

Lion Electric, an innovative manufacturer of zero-emission vehicles, made its market debut in May 2021. The EV stock hasn't taken off owing to its 11.55% gain since its IPO. Nevertheless, the price targets of market analysts point to outsized gains in the near term. The current share price is \$11.22, although they see a potential appreciation of 93.1% (average) to 172.2% (maximum) after 12 months.

The \$2.05 billion Canadian firm designs and manufactures all-electric school buses and midi- or mini-buses for special needs or urban transit. Lion Electric also designs, manufactures, and assembles all components of its vehicles such as chassis, battery packs, cabin, and powertrain.

Lion aims to be the leading original equipment manufacturer in transportation electrification in North America. LEV's inclusion in the S&P/TSX Composite Index, Canada's flagship index, is an important milestone. Its founder and CEO Marc Bedard said it should improve the stock's trading liquidity.

Emerging market

The global EV market is an emerging market with a competitive landscape. NFI Group and Lion Electric have competitive advantages because of their respective market niches.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:LEV (Lion Electric)
3. TSX:NFI (NFI Group)

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