



Is GreenPower Motor the Next Tesla?

Description

Electric vehicle (EV) giant, **Tesla** ([NASDAQ:TSLA](#)) has created massive wealth for long-term investors. In fact, TSLA stock has surged over 12,000% in the last 10 years, easily dwarfing the S&P 500 Index, which has gained 268% since March 2012.

Tesla is the largest EV company in the world and continues to benefit from a first-mover advantage. It has manufactured and sold more EVs than any other competitor. Its total deliveries increased to more than 900,000 in 2021, and [Tesla expects to sell](#) 20 million units a year by 2030.

The estimates might be lofty, as global automobile sales range between 65 million and 75 million vehicles each year. However, the company's visionary CEO, Elon Musk, is confident about the widening market share of Tesla.

Tesla is hugely profitable

Unlike most other EV manufacturers, Tesla is consistently profitable as it benefits from economies of scale. Its Gigafactory in Shanghai is already ramping up production, while the facility in Berlin will soon allow Tesla to gain traction in Europe.

Tesla has improved operating margins from 6.3% to 2020 to 12.1% in 2021. In the last two quarters, its operating margins stood at 15%, on the back of huge shipment numbers. The company's shipments increased from 367,656 vehicles in 2019 to 936,000 in 2021, despite the ongoing pandemic and supply chain disruptions.

Tesla has managed to maintain an average selling price of more than US\$50,000 in 2021 compared to US\$56,000 in 2019. It's really admirable for a company to sell a million vehicles with an ASP of over US\$50,000. Tesla's Model 3 and Model Y share several components and are built on a single platform, which reduces costs by a huge margin.

Tesla sales have risen from US\$21.46 billion in 2018 to US\$53.8 billion in 2021. It ended the last year with an operating income of US\$6.5 billion compared to a loss of US\$252.8 million in 2018. Analysts

expect Tesla to increase sales by 53.8% to US\$82.8 billion in 2022 and by 25.5% to US\$104 billion in 2023. Comparatively, its adjusted earnings are forecast to rise by 54.6% in 2022 and by 21.5% in 2023.

Can GreenPower Motor replicate TSLA stock gains?

While Tesla is well poised to deliver outsized gains over the next few years, it will be impossible for the stock to replicate its historical returns. However, there are several other EV players that can help you crush the broader markets in 2022 and beyond.

One such [Canadian growth stock](#) is **GreenPower Motor** ([TSXV:GPV](#))([NASDAQ:GP](#)). Its revenue grew from \$3.5 million in fiscal 2018 to \$13.5 million in fiscal 2020 that ended in March. However, the top line declined to \$11.88 million due to COVID-19, but in the last 12 months, its revenue increased to \$16.79 million.

In Q3 of fiscal 2022, GreenPower reported sales of \$5.3 million — an increase of 121% year over year compared to its year-ago revenue of \$2.4 million. Its gross margin increased to 27.8%, up from just 21.5% in the last quarter.

Analysts tracking GPV stock expect sales to rise by 103% to \$24 million in fiscal 2022 and by another 80% to \$45 million in fiscal 2023.

Bay Street also expects GPV stock to more than triple in the next year, given consensus price target estimates.

The Foolish takeaway

It's quite rare for any company to generate similar returns derived by investing in TSLA stock. But GreenPower is part of a rapidly expanding addressable market, making it a good buy for growth investors with a high-risk appetite.

CATEGORY

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