1 EV Stock You Likely Haven't Considered Yet

Description

When it comes to the future of electric vehicles (EVs), Motley Fool investors may think they've thought of everything. Batteries? Check. Lithium? Check. All car manufacturers? Check. And yet there's one company with a lot of growth potential you may not have considered. And it's an EV stock with a dividend.

Enter Exco

Exco Technologies (TSX:XTC) creates necessary parts for the automotive industry. It's divided into two sections: casting and extrusion and automotive solutions. The latter segment is the big winner, focusing on the interior assemblies of automotive manufacturers. Most of its revenue comes from the United States, where car manufacturers have a large presence.

The company has 16 locations set up in seven countries as of writing, and that could grow in the near future. This comes from the massive move to EVs. While the batteries are a necessary part, so are the interiors of these new vehicles. Therefore, this is a top EV stock play for Motley Fool investors to consider.

Management is already considering EV growth

Recently, management supported this potential for growth. In fact, Director Edward Kernaghan bought up 267,800 shares at about $9.20 recently. The cost? Over $2.4 million. That's a massive investment for someone if they aren't certain about the company's growth path.

But the purchase also comes after yet another dividend increase. In fact, the dividend has risen 14 times in the last 13 consecutive years. Most recently, the dividend was boosted by 5% and now offers $0.42 per share yearly. That brings today's dividend yield to 4.66%.

What's more, it's not the first time management bought up shares at these levels. Back in February, the EV stock was considered oversold. This led to one person buying up $1 million in shares. And that's a lot of dividends to tie in as well.

Still a steal

It's clear to see why Motley Fool investors should be interested in this EV stock, but let's recap. Management is showing confidence in its earnings-per-share growth from massive investment. The EV market continues to grow, providing opportunities for Exco to thrive. And finally, it offers a stable, substantial dividend at these prices, and it is bound to grow even more in the years to come. And trading at 11.86 times earnings, this EV stock is still a steal.

Now, I'm not saying you should put millions in, but let's take a look at what you could get from this EV stock. Over the last decade, shares have risen by 79%. That's a compound annual growth rate (CAGR) of 5.69% as of writing. Furthermore, you get that added 4.66% dividend yield that's risen at a CAGR of 5.59% in the last five years.

Taken together, if you were to put down $15,000 and reinvest dividends for the next decade, you could make a killing. Combined, that would bring your initial investment to $40,880 as of writing over the next decade! And that's based on past growth, not the potential boom among EV stocks.

Foolish takeaway

EV stocks are some of the best investments these days. But don't overpay for them. You can instead pick up a prime player like Exco that will certainly see growth in the years to come. And even with the stable growth it's had recently, you can pick up a solid dividend for years of returns.

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