



2 Electric Vehicle Stocks That Are Top Long-Term Bets

Description

The massive pullback surrounding [growth stocks](#) is making investors nervous. But it also provides an opportunity to buy the dip and identify quality stocks at a discount. Investors need to identify companies that are part of a rapidly expanding market, making those part of the electric vehicle markets ideal bets right now.

Let's take a look at two electric vehicle stocks investors can buy at a lower multiple this month.

Tesla

Tesla ([NASDAQ:TSLA](#)) is the largest electric vehicle manufacturer in the world and is valued at US\$760 billion by market cap. While TSLA stock has surged over 11,000% since May 2012, it's also down 40% from all-time highs.

There are several reasons for Tesla's extremely steep valuation. For example, its operating margins stand at more than 19% compared to margins of 6.1% and 7.8% for **General Motors** and **Ford**, respectively.

According to a report from the Energy Information Administration (EIA), the number of electric vehicle shipments might surpass 650 million by 2050. Last year, Tesla shipped less than one million vehicles, and its first-mover advantage will allow the company to grow sales at a solid pace for several years.

Tesla has almost tripled its revenue in the last three years [and ended Q1](#) with sales of US\$18.8 billion with adjusted earnings per share of US\$2.86. Wall Street forecast its sales to touch US\$86.6 billion in 2022 and US\$115.3 billion in 2023.

TSLA stock is trading at a discount of 34% compared to consensus price target estimates.

Ballad Power

Shares of **Ballad Power** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) have more than doubled in the last five years. However, at the time of writing, BLDP stock is also down 85% from all-time highs, valuing it at \$2 billion, by market cap. The company is engaged in the design, development, manufacture, and sale of PEM or proton exchange membrane fuel cell products.

In Q1 of 2022, Ballard Power reported revenue of US\$21 million — an increase of 19% year over year, while securing new orders worth US\$27.8 million.

Its gross margin narrowed to -1%, but Ballard Power claimed it is consistent with its 2022 plan and reflected changes in revenue mix, selling prices, and the company's cost structure.

Ballard Power explained it is focusing more on product sales, which includes new modules in early volume production. Its selling prices have moved lower in order to secure platform wins with certain strategic accounts. Further, Ballard Power's overhead costs were elevated, as it invested in advanced manufacturing and production capacity expansion.

Ballard Power's CEO Randy MacEwen stated, "While we expect compressed gross margin in the near term, we are confident in margin expansion in the mid- to long-term driven by higher production volumes as customers transition from pilot projects to commercial deployment and as we continue to progress on our product cost-reduction program."

The company ended Q1 with a cash balance of US\$1.1 billion providing it with enough runway to turn profitable over time. Analysts tracking the company expect adjusted loss per share to narrow from US\$0.25 in 2022 to US\$0.19 in 2023.

Ballard Power is investing ahead of the curve which should allow it to gain significant market share, as the adoption of hydrogen accelerates in the upcoming decade.

CATEGORY

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Date

2025/06/28

Date Created

2022/05/13

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