As the EV boom accelerates here are some smaller EV stocks with a chance to follow in Tesla's footsteps

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The second half of 2020 has seen a tremendous boost in electric vehicle (EV) sales globally. For example, in September 2020 we saw **record global electric car sales, up 91% YoY**, **with 4.9% market share** (3.4% YTD). **Europe sales surged 166% YoY reaching 12% market share and China sales rose 66% YoY reaching 6.3% market share.** Along with booming EV sales we had Tesla (NASDAQ: TSLA) Battery Day where Tesla shocked the world announcing plans to have a US$25,000 electric car by 3 years (2023) and to be selling 20 million EVs pa by 2030. Finally just yesterday the UK announced a ban on all new gasoline and diesel cars from 2030.

With so much good news it is not surprising we have seen a surge in new EV listings and EV stock prices. With Tesla now at a market cap of US$461 billion, many investors are searching for the next Tesla, or even the next BYD Co. (OTC: BYDDF). With this in mind I briefly discuss 11 smaller and newer EV companies with potential to follow to some degree in Tesla's footsteps.

Arcimoto Inc. (NASDAQ: FUV)

Arcimoto is an American electric vehicle company that manufactures three-wheeled electric vehicles. Their platform product is called the 'Fun Utility Vehicle', or FUV. It is a tandem two-seat EV with a top speed around 75kms per hour. Arcimoto's vehicles are affordable, ultra efficient, small-footprint electric vehicles. Arcimoto is targeting those who

want a fun city EV, as well as the deliveries and fleet sectors with their ‘deliverator’ and ‘rapid responder’ tricycle. Arcimoto is currently undergoing a study by Munro & Associates to see how they can better achieve efficient high production volume. Recently Arcimoto and the City of Orlando launched a joint Municipal Pilot Program to test ultra-efficient EVs in city fleets. Their current market cap is US$300M.

Arcimoto’s 3 wheel all-electric Fun Utility Vehicle (FUV)



Source

AYRO Inc. (NASDAQ: AYRO)

AYRO is based in Texas, USA and designs and manufactures compact, ‘purpose-built’, low speed electric vehicles ideally for urban and short-haul markets. AYRO’s EVs are great for fleets used on university and corporate campuses, for commercial and urban delivery, and other low speed/short haul applications. Their current market cap is US$103M.

Electrameccanica Vehicles Corp. (NASDAQ: SOLO)

ElectraMeccanica Vehicles is a Canadian manufacturer of all-electric three-wheelers. The difference to Arcimoto is that their EV is designed for a ‘single’ (solo) driver, as most of our car travel is done alone. Their current market cap is US$537M.

Fisker Inc. (NYSE: FSR)

Fisker Inc. is a California based EV company with plans to be the world’s first digital electric car company, sitting in the ‘premium affordable’ category. Their first car, the Fisker Ocean, was the most awarded new automobile at CES 2020 and is

planned to be in production by Q4 2022. Fisker recently struck an agreement with contract car manufacturer Magna International to produce the Fisker Ocean in Austria. Fisker is targeting initial sales of 8,000 EVs in 2022, 51,000 in 2023, and 175,000 in 2024. Their current market cap is US$4.72 billion.

Fisker Ocean SUV due out by Q4 2022

Source: Fisker

Hyliion Holdings Corp. (NYSE: HYLN)

Hyliion stands for 'hybrid lithium ion". Hyliion, based in Texas USA, is focused on electric trucks, mostly class 8 commercial vehicles (semis). Their EVs are a hybrid that combines a fully electric drivetrain and a natural gas-powered onboard generator to recharge the battery. Their Hypertruck ERX will provide more than 1,000 miles of range. Their current market cap is US$3.8 billion.

Lordstown Motors Corp. (NASDAQ: RIDE)

Lordstown Motors Corp. is based in Ohio, USA. Lordstown builds electric pickup trucks and other vehicles to revolutionize the way work gets done. Lordstown Motors unveiled their all-electric Endurance pickup truck in June and have received 27,000 orders from mainly commercial fleet customers. GM is an investor into Lordstown Motors. Their current market cap is US$4.54 billion.

Nikola Corp. (NASDAQ: NKLA)

Nikola is an American hybrid truck company based in Phoenix, Arizona. Nikola offers both battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEV). Nikola has had a series of talks with General Motors (GM) regarding manufacturing their

Nikola Badger electric pickup truck. Their current market cap is US$9.76 billion.

Nikola Badger



Source

Workhorse Group (NASDAQ: WKHS)

Workhorse Group is an American manufacturing company focused on manufacturing electrically powered 'delivery and utility' vehicles. Their current market cap is US$2.75 billion.

The top tier Chinese smaller and newer EV companies

- **Li Auto Inc. (NASDAQ: LI) –** Li Auto's sport-utility vehicle model Li ONE allows drivers to charge their cars with electricity and/or gasoline, a technology called extended range electric vehicle (EREV). Market cap is US$29.7 billion.
- **Nio Inc. (NYSE: NIO) –** Nio's focus is on all-electric, luxury, smart, and autonomous vehicles. Nio currently sells 3 luxury EVs – es8, es6, and ec6. Nio's sales have been rapidly growing in recent months reaching 4,708 vehicles in the month of September 2020. Market cap is US$61.4 billion.
- **XPeng (NYSE: XPEV) –** XPeng makes smart EVs that offer advanced internet, AI and autonomous driving technologies. XPeng has two models the G3 SUV and the P7 sedan. XPeng's sales have been rapidly rising the last few months reaching 3,478 vehicles in the month of September 2020. XPeng has a new factory soon to be built, which once complete will lift their capacity to 250,000 EVs pa. XPeng is backed by Alibaba. Market cap is US$30.99 billion.

The XPeng G3 SUV



Source

All of the companies discussed in this article are pure play newer EV companies that are rapidly growing, and in many cases, gaining market share. As the EV boom accelerates these smaller EV companies have the potential to do very well, boosted by a massive switch to EVs as consumers come to see the enormous benefits. By 2023 EVs should be purchase price competitive with regular gasoline cars, but 5-10x cheaper to run and maintain.

Many of these EV companies have seen their stock prices rise dramatically the past 6 months, so investors need to use some caution and to do their own due diligence. One strategy can be to buy on dips or accumulate over time.

The EV future looks increasingly bright as more and more consumers choose EVs, boosted each year by cheaper EV prices, and with many Governments now supporting the sector. Will any of these newer names become the next Tesla, I cannot say. What I can say is that there is still plenty of potential for others to follow in Tesla's footsteps, especially as we are just in the beginning stage of what most certainly looks to be a boom decade ahead for EVs.

Disclosure: The author is long Tesla, BYD Co, Fisker Inc., XPeng, and Arcimoto.