



SPECIAL REPORT

Electric Vehicle Stocks

FREDERICK
— & —
OLIVER

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THE WORLD OF MOTORING IS TRANSITIONING TO ELECTRIFICATION - WHICH MANUFACTURERS WILL PROSPER?

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WELCOME

Just a few years ago, electric vehicles were considered a technology of the future.	manufacturers are working around the clock to make it happen, some ahead of schedule.
Well, the future is here folks.	Audi has stated it will sell only electric cars as of 2026, just four years away. Whilst many manufacturers including Ford, General Motors, BMW and Volkswagen have made the pledge by 2030.
Electric vehicles are everywhere! From Toyota to Tesla, Peugeot to Porsche. Every single automotive manufacturer has an EV offering and you'll no doubt have seen some parked on your street.	According to KPMG's latest annual survey of 1,000 auto industry executives, EVs will make up just over half of new vehicle sales in the United States and China by 2030.
There are many reasons to own one:	Interestingly, in 2019, of all new cars sold globally, just 2.7% were electric - the race is on!
<ul style="list-style-type: none">Enjoy lower running costs - especially if you live in Northern Europe.To let your neighbours know just how environmentally sensitive you are, with your new 'green' mode of transport.Never again get caught up in another 'panic at the pumps' petrol crisis.To look cool! The electric cars, for the most part, look pretty cool. Some car designers have really embraced the futuristic vibe, take BMW for example, the company's first two electric cars, the i8 and i3, had 'butterfly' and 'suicide' doors respectively.	Motorists are spoilt for choice when it comes to choosing an electric car. Like with petrol cars they come in all shapes and sizes, from city-going hatchbacks such as the Fiat 500 or BMW i3, to SUVs like the BMW iX or the NIO ES8.
Putting the fun, novelty doors, cheap running costs and saving of the polar bears to one side, this is also the future global governments have decided upon. From 4-star to unleaded and then to diesel, the motorist is constantly being herded towards the next tax generating technology, in the name of progression.	One can opt to buy an EV newcomer brand such as Tesla or Polstar, or favour a familiar name like Porsche or Nissan.
Boris, Biden and many others have set targets for new vehicle sales to be entirely electric, as soon as 2030 and car	So far it has all been about the motorist, but what about the investor? Here we have a new technology, in its infancy, which WILL become the norm. As mentioned, EV sales as a percentage of new cars was just 2.7% in 2019, should this become 27%, which company is best placed to take advantage of this ten times increase in sales?
	Good luck with your investments.
	Frederick & Oliver



HAVING CORNERED THE US MARKET AND PROGRESSED WELL IN EUROPE AND CHINA - CAN TESLA MAINTAIN MARKET SHARE?

Tesla hasn't always been revered for being the great company it is today, only a couple of years back, it was considered by many to be a poorly managed company, run by a mad hatter, losing a \$1bn every quarter.

The company is now worth over a trillion dollars, and its maverick CEO, Elon Musk, is one of the richest men in the world.

Yet did you know, in 2019, as a percentage of new car sales in the US, electric vehicles counted for just 0.7%?

Of this 0.7% Tesla accounts for 80%.

If Tesla could retain anything like 80% of the US electric vehicle market over the coming years, how much would Elon Musk be worth then? If EVs could reflect just 7% of new car sales, that would be a ten-fold increase from current levels - wow.

Before we get carried away, we cannot simply multiply everything (market capitalisation, Musk's net worth, Tesla's share price) by ten.

Someone once said, in order to succeed you have to be the first, be the best or cheat! Tesla gained its whopping market share by being the first. It is inevitable that as other manufacturers enter the market, Tesla will lose market share.

That said, Tesla is an American brand which has already gained a foothold on home soil and potentially secured loyal Tesla owners for many years to come.

We also need to consider that a premium for future market domination is already baked into the share price - Tesla's market cap of more than \$1trillion is almost 4 times

greater than that of Toyota's (\$255bn) despite selling just 221,000 cars versus 1,600,000 in the US, so far in 2021.

Shares in Tesla have rallied spectacularly, from \$70 in early 2020 to \$1200 in recent weeks, a gain of more than 1600%.

Ordinarily, one would say you have missed the boat (or car!) but there is so much road ahead in the transition to EV motoring and some significant developments incoming for Tesla in 2022 including:

- Berlin Gigafactory coming online in H1
- Texas Gigafactory coming online in H2
- PepsiCo to take delivery of Tesla trucks in Q4
- Tesla semi-truck and Cybertruck (over 1 million pre-orders) to start production in Q4

This has led to analysts at UBS claiming 'no rival will get even close to Tesla in 2022'.

WHAT DO THE ANALYSTS SAY?		
See the following ratings and target prices:		
Buys	Holds	Sells
22	11	13
Most Bullish Analyst China Securities \$1485	Most Bearish Analyst Bernstein \$300	
Average 12 month target \$830	Potential up/downside % -18%	



COMPANY INFORMATION

Tesla, Inc designs, develops, manufactures, leases, and sells electric vehicles, and energy generation and storage systems in the United States, China, and internationally.

Listing	Market Cap	52-week range	Dividend yield
NASDAQ	\$1.04tn	\$539 - \$1243	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
\$1046	\$539	\$1243	-48%	+18%





CONSIDERED BY MANY AS THE ‘TESLA OF CHINA’ - CAN NIO LIVE UP TO CITY EXPECTATIONS?

Some refer to the Chinese EV maker ‘The Tesla of China’ - no pressure NIO!

NIO operates at the premium end of the market offering 3 SUV models, a 5, 6 and 7 seater, and an executive saloon.

NIO is certainly operating in the right market, China accounted for 42% of global new EV sales in the first half of 2021.

China’s EV sales went on to reach 2 million units in the first 9 months of this year, with NIO contributing 66,395 units towards this total, 3.3% market share, compared with Tesla’s 11%.

Looking to build upon its success in China, NIO is eyeing the fast-growing European market. The company has started deliveries in Norway and plans to enter Germany by the end of 2022.

NIO boasts some novel technology and services. The battery swap subscription service takes place at over 160 stations across China. When power is running low, simply drive your NIO into a swap station and watch robots switch out your depleted battery for a fully charged one in under 3 minutes. On the subject of batteries, NIO claims some vehicle specifications have a Tesla rivalling range of over 620 miles.

NIO is considered to be a market leader when it comes to autonomous driving tech. Its system features 33 sensors, 11 cameras, five radars and 12 ultrasonic sensors as well as hardware capable of processing 8 gigabytes of data per second.

NIO’s recent Q3 trading update should reassure investors, the company reported revenue of \$1.52bn, an increase of

117% year-on-year, resulting in a profit of \$309m, up 240% year-on-year.

CEO William Bin Li boasted “Our demand continues to be strong and our new orders reached a new record high in October”.

As you can see from the table below, the City analysts are fans with only Bernstein bearish on the stock.

26 of 31 analysts rate the stock as ‘buy’ with an average target price across all analysts of \$60, a huge 86% higher than the current price.

WHAT DO THE ANALYSTS SAY?		
See the following ratings and target prices:		
Buys 26	Holds 4	Sells 1
Most Bullish Analyst Credit Suisse \$83	Most Bearish Analyst Bernstein \$45	
Average 12 month target \$60	Potential up/downside % +86%	



COMPANY INFORMATION

NIO Inc designs, develops, manufactures, and sells smart electric vehicles in China. The company offers five, six, and seven-seater electric SUVs, as well as smart electric sedans.

Listing NASDAQ	Market Cap \$52.7bn	52-week range \$29.66 - \$66.99	Dividend yield Nil
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CHART OBSERVATIONS





OVER 100 YEARS OLD - CAN THE VETERAN AUTOMAKER KEEP PACE WITH THE TRANSITION TO ELECTRIC VEHICLES?

Like most traditional automotive manufacturers, Ford is playing ‘catch up’ with early movers in the EV space, such as Tesla.

The City has watched with intrigue - who will prosper?

The new kids on the block, with the clean slate from which to begin their EV adventure, or the established automakers albeit with significant adjustments required to adapt their production lines?

This very contest is playing out right now.

In 2020, Tesla sold just short of 500,000 cars. Ford sold 4.2m cars during the same period, but not one of them was an electric vehicle.

Ford only started selling electric vehicles in 2021. In the first 9 months the company sold 18,855 to be precise - barely visible in a Tesla’s rear view mirror.

However, Ford expects to be the world’s second largest electric vehicle manufacturer within two years and has committed \$30bn to the pursuit.

Ford has also forecast 40% of its sales will be EVs by the end of the decade, equating to 1.7m cars, based on 2020’s data.

Earlier this month Ford announced EV sales had more than doubled, quarter-on-quarter, thanks to sales of its Mustang Mach-E and F-150 models.

Realising just how hot the EV market is becoming, Ford has acquired a 12% stake in California-based EV maker Rivian, an investment which is already paying off. According to filings, Ford purchased shares in Rivian for approximately \$820m.

Rivian started trading on the stock market in November and such has been the success of its debut, Ford’s stake in the company is estimated to be worth \$13bn - what an investment!

A Ford spokesperson told Reuters ”Rivian is a strategic investment and we’re still exploring ways for potential collaboration with them.”

From all angles, Ford appears well placed to take advantage of the EV transition.

WHAT DO THE ANALYSTS SAY?
See the following ratings and target prices:

Buys 13	Holds 8	Sells 3
Most Bullish Analyst Credit Suisse \$23	Most Bearish Analyst Morgan Stanley \$12	
Average 12 month target \$18.90	Potential up/downside % -1.7%	



COMPANY INFORMATION

Ford Motor Company designs, manufactures, markets, and services a range of Ford trucks, cars, sport utility vehicles, electrified vehicles worldwide.

Listing NASDAQ	Market Cap \$79.6bn	52-week range \$8.43 - \$20.79	Dividend yield 2.1%
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CHART OBSERVATIONS



Rivian Automotive Inc

VALUED AT OVER \$100BN HAVING ONLY SOLD 156 VEHICLES - ARE SHARES IN RIVIAN GROSSLY OVERVALUED?

As of the end of October, Rivian had sold a total of 156 EVs. That's it. 156.

Yet the company's market capitalisation is greater than Ford's!

Like Tesla, and other EV only auto manufacturers, Rivian is being valued on its potential.

As mentioned on the previous page, Ford saw potential, buying a 12% stake in the company, but so too has another well established company - Amazon.

The e-commerce giant owns 18.5% of Rivian's shares and has pre-ordered 100,000 of its Electric Delivery Vehicles (EDVs) at an estimated price of \$125,000 per truck - \$12.5bn of revenue.

Morgan Stanley believes this Amazon order could rise to 300,000 EDVs by 2025.

Considering Amazon's market capitalisation of \$1.8tn, talk of a potential takeover will likely be persistent.

Rivian has also received approximately 50,000 orders for its electric pickup truck, the R1T, and its electric SUV, the R1S.

The combination of healthy forward orders and significant investment from Ford and Amazon resulted in a spectacular stock market debut for Rivian.

Rivian's initial public offering (IPO) price was fixed at \$78 per share. After just 5 days of trading it had touched \$180, making it the 3rd largest automaker in the world, behind Tesla and Toyota.

The share price has settled down somewhat since, having traded as low as \$100, still greater than its IPO price of \$78 but 45% lower than the \$180 high - a warning to overzealous retail investors.

Analyst price targets remain punchy on Rivian, RBC Capital the most bullish with a target of \$165 but closely followed by Piper Sandler with \$148 and Wedbush Securities with \$130.

If Rivian can convert potential into production, 2022 could be its year.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
9	4	1

Most Bullish Analyst RBC Capital \$165	Most Bearish Analyst Goldman Sachs \$94
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Average 12 month target \$134	Potential up/downside % +15%
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COMPANY INFORMATION

Rivian Automotive Inc develops and manufactures electric adventure vehicles. It offers five-passenger pickup trucks and sports utility vehicles. The company provides electric SUVs and electric pickup vehicles.

Listing NASDAQ	Market Cap \$101.4bn	52-week range \$95.20 - \$179.47	Dividend yield Nil
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CHART OBSERVATIONS

Current Price \$116	52-week Low \$95.20	52-week High \$179.47	Distance to Low -18%	Distance to High +54%
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‘NEW KID ON THE BLOCK’ AND YET TO DELIVER AN ELECTRIC VEHICLE - IS LUCID A PUNT TOO SPECULATIVE FOR INVESTORS?

Lucid falls into the category of EV ‘newcomer’. The company only started delivering its first vehicles in recent weeks.

Lucid currently sells just one model, the Lucid Air.

You would be forgiven for assuming Lucid is ‘small fry’ - on the contrary.

The Lucid Air is luxurious. Top end motoring. The ‘Dream’ edition retails at \$170,000 and looks amazing.

Lucid plans to deliver 20,000 vehicles in 2022 which should generate \$2.2bn in revenue for the year. This appears to be a forgone conclusion given the company has received 17,000 reservations for various models of Lucid Air.

Lucid’s plans are ambitious. The company plans to launch its luxury SUV, the Gravity, in 2023 and aims to deliver 500,000 vehicles per year by 2030.

This ambition has been recognised by the City. In January 2020, shares were trading at \$10, a month later they hit \$65.

The share price rally resulted in Lucid temporarily being valued as the 3rd largest automaker in the world!

Shares have retreated 30% to current levels, which could provide an entry point when coupled with the positive news to come from the company’s latest trading update.

In November, Lucid revealed a smaller-than-expected loss of 21 cents per share (versus 25 cents expected) and declared a forward order book value of \$1.3bn.

The Saudi Public Investment Fund has disclosed a \$1bn stake in the company. Support from the \$500bn fund underscores Lucid’s credentials and will help boost the company’s profile

in the region. Saudi Arabia is the second-largest market by number of reservations.

Finally, the US publication, MotorTrend Magazine, famed for introducing the first ‘Car of the Year’ designation, awarded the Lucid with this very title for its ‘Air’ model 2022.

WHAT DO THE ANALYSTS SAY?		
See the following ratings and target prices:		
Buys	Holds	Sells
3	0	1
Most Bullish Analyst Bank of America \$60	Most Bearish Analyst Morgan Stanley \$16	
Average 12 month target \$37	Potential up/downside % -17%	



COMPANY INFORMATION

Lucid Group Inc a technology and automotive company, develops electric vehicle technologies. The company designs, engineers, and builds electric vehicles, EV powertrains, and battery systems.

Listing NASDAQ	Market Cap \$71.9bn	52-week range \$9.83 - \$64.86	Dividend yield Nil
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CHART OBSERVATIONS

Current Price \$44.86	52-week Low \$9.83	52-week High \$64.86	Distance to Low -78%	Distance to High +44%
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VOLKSWAGEN IS COMPETING ON THE GLOBAL STAGE AND WITH TESLA, IN CHINA - IS VW THE BEST POSITIONED EV MAKER?

Slow to embrace EVs initially, the traditional automaker, Volkswagen, is now fully invested in this unstoppable trend.

Volkswagen has laid out ambitious plans to increase its EV deliveries to 20% of overall sales by 2025 and become a global leader in EVs by 2030.

Volkswagen has committed to spending €35bn to EV development over the next 5 years.

Volkswagen has also pledged to double personnel within its charging and energy division in order to drive the EV project forward.

By 2030, Volkswagen expects as much as 60% of its sales in Europe to be EVs.

Volkswagen is equally as focused on producing quality batteries and building out rapid-charging infrastructure to further enhance the customer experience.

VW plans to develop six gigafactories for battery production in Europe by 2030.

In the first 9 months of 2021, Volkswagen delivered nearly 7 million vehicles worldwide. Just 293,000 of these vehicles were electric. The scope for conversion is huge.

Volkswagen is a brand appreciated on the global stage. Whilst in 2020, €133bn of revenue came from its domestic, European market, it also sold €45bn worth of vehicles in Asia and €37bn in North America.

As established earlier in this report, China is responsible for 42% of global EV sales, and yes, Volkswagen is competing in this market also. Volkswagen produces EVs locally in China, a move made by Tesla too, cutting delivery costs associated

with producing in one country and shipping to another.

In October, VW sold 12,736 EVs in China, its 5th consecutive month of sales growth;

- June 3,415
- July 5,810
- August 7,023
- September 10,126
- October 12,736

For perspective, Tesla sold 13,725 units in October.

The analysts, on average, are tipping to shares in Volkswagen to appreciate by 44% over the coming year.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys		Holds		Sells	
20		4		2	
Most Bullish Analyst			Most Bearish Analyst		
Bankhaus Metzler			Jefferies		
€320			€170		
Average 12 month target			Potential up/downside %		
€249			+44%		



COMPANY INFORMATION

Volkswagen AG manufactures and sells automobiles primarily in Europe, North America, South America, and the Asia-Pacific. The company operates in four segments: Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, Power Engineering, and Financial Services.

Listing	Market Cap	52-week range	Dividend yield
XETRA DAX	€120.7bn	€152.60 - €357.40	2.9%

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
€258.60	€152.60	€357.40	-41%	+38%





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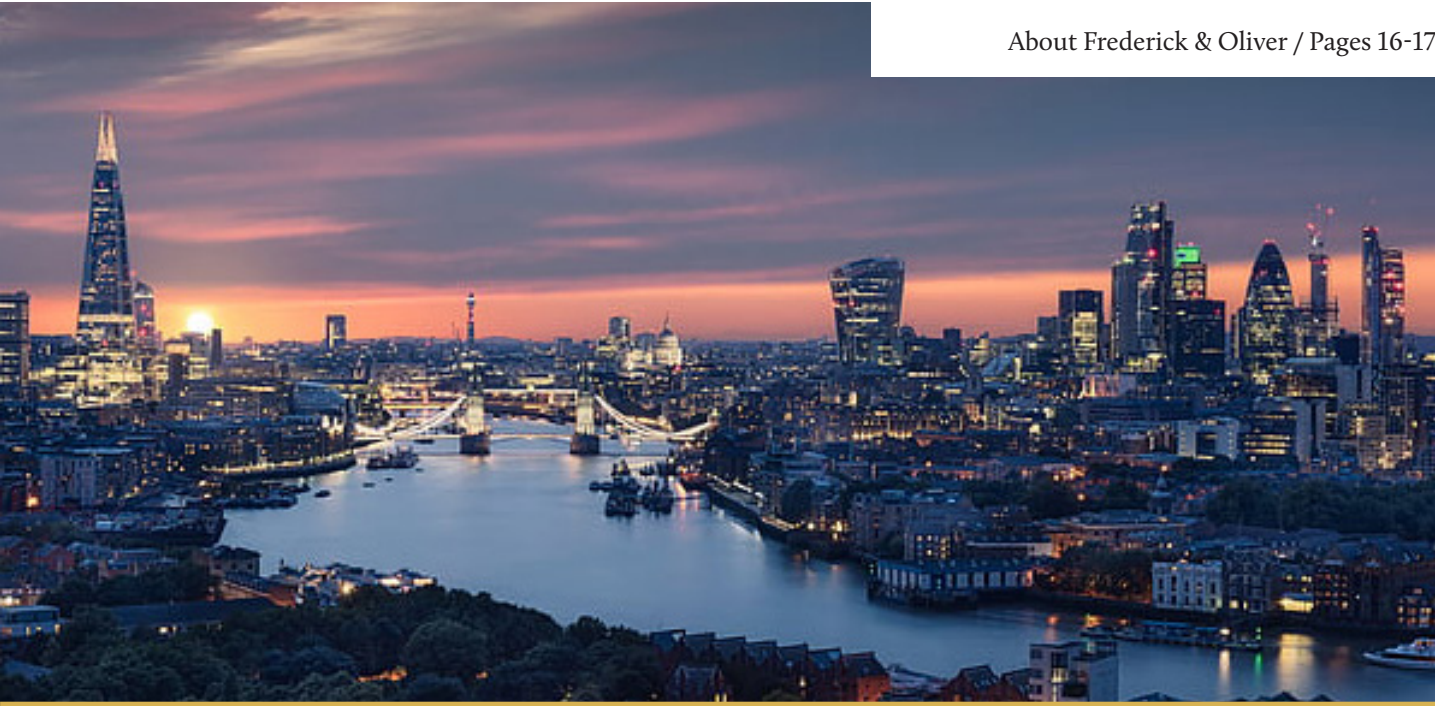
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