



## Socially Responsible Investors: Take a Look at This Beaten-Up, Environmentally Friendly Company

### Description

The world is trying to move away from fossil fuels. While this effort may be to the chagrin of oil producers, there is no doubt that there remains a concerted effort to make all industries greener and more environmentally friendly. To meet this need, companies have sprung up that offer green solutions to areas traditionally served by the fossil fuel industry.

One such company is **EcoSynthetix Inc.** ([TSX:ECO](#)). Ecosynthetix is involved in finding [environmentally friendly](#) alternatives for the paper, construction materials, labels, personal care, and coatings industry. Their products range from glossy paper coatings to the fixing agent in hair gels.

Now, the company does not pay a dividend, but this is not a negative investors should concern themselves with at this stage. Since it is still in the growth phase of its development as a company, this may help it to allocate capital for more efficient purposes, such as product development. Also, not having a dividend decreases the need for growing companies to rely on debt. Finally, growing companies without dividends can be more tax efficient for investors since they are not taxed until sold.

The company is growing. In the most recent quarter, sales increased 22% year over year. Gross profit also increased by 14%. That being said, the company reported a net earnings loss in the quarter, but the loss has decreased when compared to the previous year. Since the company is still growing and investing in its business, the loss can be justified for the time being. That being said, an investor should keep a close eye on the coming financial reports to see if there is continued progress being made towards profitability.

The company has an excellent balance sheet, with a significant amount of cash and no debt. It is always a good sign to see a company is remaining debt free. Another positive point in favour of the company is the fact that its share count has remained relatively stable. In fact, the company was able to use some of its cash to purchase shares to offset options that were exercised by employees to keep share stability.

There is no doubt that EcoSynthetix is a higher-risk investment. The company is growing, but it is

competing against established products that work well. With their main selling point being that their products are more environmentally friendly than their fossil fuel competitors, EcoSynthetix either has to rely on its customers' desire to be more environmentally friendly in their products or have cheaper prices than their competitors.

But EcoSynthetix seems to be making headway in its sales, and its prices were noted to be comparable to existing products. An investor who wants to invest in [environmental alternatives](#) to existing products may find EcoSynthetix to be an interesting opportunity. Since it does not yet have any earnings, it can be difficult to value. As a result, this company remains highly speculative, and an investor would be well advised to make only a small investment in it.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. TSX:ECO (EcoSynthetix Inc.)

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