



1 Clean Energy Stock Just Pulled Back: Buy It Today

Description

As cheap as energy investing is, it's been a tough slog for those brave enough to stick with it. Energy stocks have made a slight move upwards, but are beginning to fall back again as fears of a global slowdown begin to grip markets once again. Furthermore, the trend towards ESG investing has taken its toll on the sector.

There are pockets of the energy sector, however, that fit into the [ESG mould](#) and might give investors another way to play energy. **Xebec Adsorption Inc.** (TSXV:XBC) might be a way to play a clean energy future in a non-traditional manner.

This company provides renewable natural gas, reducing the global carbon footprint significantly. It's an infrastructure play that could be a significant player in the future of clean technology.

It takes inputs from a number of natural sources, such as manure, food, and wastewater, and turns it into natural gas. Natural gas is a high-demand energy source for transitioning to a zero-carbon environment, making this an interesting alternative to fossil fuels.

The stock is not cheap, however. If you're looking for value stocks, you'll certainly want to stick to the hated energy sector. You should look at Xebec as more of a [high-flying](#) new technology stock than an energy play. Over a one-year period, this company has pretty much quadrupled in value, so you are buying into a company with momentum, not value.

This is apparent in Xebec's financial statements. Revenue increased by an astounding 153% year over year in Q3 2019, confirming the growth prospects for this business and increasing appetite for its products and services.

The company also reported positive, albeit small, net income for the quarter. The stock remains expensive, but as a growth stock, earnings and revenue momentum is heading in the right direction.

The company's balance sheet is in pretty good shape at the moment, at least. As of the Q3 2019 report, Xebec had 10 million in cash against 14 million in current liabilities. If things were to go poorly in the near term, Xebec should have enough money to maintain its current obligations.

It also has expensive shares, as I already noted, that it could sell to gain cash from the market if needed. While I don't like share dilution, it can make business sense to sell shares if they are highly priced and there is market demand.

The Foolish takeaway

If energy investing is getting you down or if you have an aversion towards fossil fuels, it might make sense to look at investing in a clean energy company like Xebec. While this isn't a value stock as are most conventional energy companies, it is a way to invest in clean energy in a new and interesting way.

Xebec is expensive and has been on a parabolic tear, so its pullback is not unexpected; I would not dump my life savings into the company. It would be a good idea to enter with a small position and add to the stock slowly if it falls.

Take a look at the upcoming earnings report to see if it retains earnings momentum. This is an interesting company in a growing sector that could be worth sticking with for the long term.

CATEGORY

1. Energy Stocks
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1. TSX:XBC (Xebec Adsorption Inc.)

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