



Forget Shopify (TSX:SHOP) Stock: Buy This Growth Stock Instead

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has gained a huge following over the last few years. It has already been bid up — climbing more than 800% in the last three years — and is now very expensive.

The tech stock is more likely to consolidate or dip in the near term before the next leg up. Therefore, if you already hold the stock, it's time to shove it in the closet and forget about it.

Shopify's expensive valuation

If you're not convinced, here are the facts. Shopify stock constantly flirts between the first and second place as the priciest software as a service stock based on next year's estimated earnings. It trades at about 300 times its forward price to earnings ratio!

Shopify stock simply has no competition when it comes to its valuation based on sales. It takes the top spot for having the highest valuation based on next year's estimated sales. It trades at approximately 38 times its forward enterprise value to sales!

Buy this growth stock instead

If you already hold Shopify stock, forget it for now and consider this growth stock instead. **Xebec Adsorption** ([TSX:XBC](#)) is an entirely different company, but its recent top-line growth rate was greater than Shopify's.

Shopify's last 12-month's revenue growth versus what it was a year ago was 60%, while Xebec Adsorption's was 65%.

This year, [Export Development Canada](#) (EDC) recognized Xebec as one of the most innovative cleantech companies in Canada. The support from EDC will allow Xebec to grow with lower risk, and Xebec has plans to grow for the next five to 10 years.

Xebec has more than 50 years of experience in air and gas purification. Its trailing 12-month revenue stands at \$58.56 million, while it has more than \$85 million in order backlog that validates its proprietary technology.

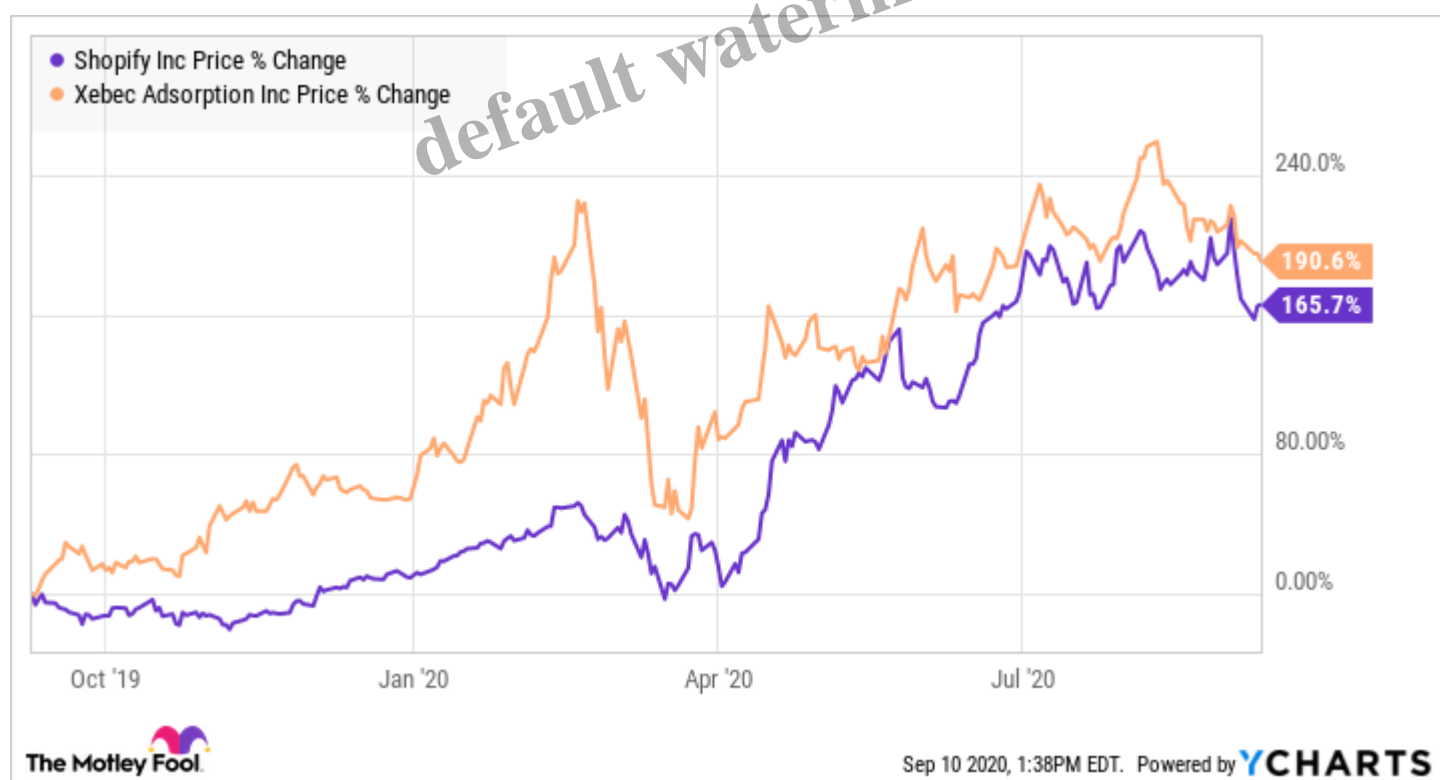
Xebec currently operates in three business segments. First, Cleantech Systems purify gas and produces renewable natural gas (RNG) and hydrogen.

Second, the Industrial Service and Support segment compresses air and natural gas and generates recurring revenue from providing local service, support, spare parts and remote monitoring for its customers.

Third, Renewable Gas Infrastructure builds, owns, and operates mid-market energy infrastructure assets to produce renewable gases in Canada and the United States. As utilities sign long-term RNG purchase agreements, Xebec can gain significant recurring revenue from this segment.

The Foolish takeaway

Both Shopify stock and Xebec stock have done very well in the last 12 months by appreciating 190% and 165%, respectively.



Data by YCharts.

If you already own [Shopify stock](#), keep holding it. It'd be a good idea to consider adding to the growth stock after it consolidates for some time or experiences a correction. Meanwhile, divert your attention to Xebec Adsorption and see if it makes sense for your stock portfolio.

At writing, Xebec trades at \$4.04 per share, while the analysts' average 12-month price target is \$5.51, representing upside potential of 36%. This is only the near-term target. As Xebec proves itself and the RNG industry grows, the growth stock will have greater upside.

The time is ripe to invest in Xebec as the world shifts to renewable and green energy over the next decades.

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2. TSX:SHOP (Shopify Inc.)
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