



This Small-Cap Stock Is Quietly up 140% This Year

Description

Oftentimes some of the best long-term growth investments come from a stock you may have never heard of. These businesses usually come out of left field. However, with a lot of momentum and technology that's disrupting a sector, these small-cap **TSX** stocks can see massive returns.

Even a stock like **Shopify** was an unproven small cap just a few years ago. Therefore, when these companies come along, investors usually don't have time to wait.

And as you'll see with this growing TSX venture stock that's already up 140% this year, this is only the beginning. I have been extremely bullish on the green energy industry in the last few years, an industry that continues to build momentum.

However, this stock is taking renewable energy to the next level and bringing with it a wave of technological possibilities.

Top small-cap TSX stock

Xebec Adsorption (TSXV:XBC) is an environmental clean technology company that primarily purifies raw gasses into clean energy.

Xebec is a top small-cap growth stock, because its technology continues to become more popular. It can be a little complicated understanding how a gas purifying company can have so much growth potential; however, it's all due to growing trends.

One of the biggest trends is for companies to improve their [environmental, social, and governance](#) (ESG) scores these days. This has become increasingly more important in the last few years. This includes companies investing in their communities, having gender and racial diversity throughout their company, as well as reducing carbon emissions as much as possible.

So far, energy or utility companies, investing in infrastructure to help slow global warming, is increasingly becoming more and more important. The trouble is and always has been cost. So, when a

company like [Xebec](#) can come in and offer a cost-effective way to reduce carbon emissions, it's rapidly becoming an attractive proposition.

Xebec's potential

While its technology continues to catch on at a growing rate, Xebec is already looking to the future. The small-cap stock is building up its industrial service and support segment to complement its major cleantech segment.

The cleantech segment consists of Xebec's sales of its core products, which purify naturally occurring raw gasses into renewable natural gas or hydrogen.

The industrial service and support segment is going to be Xebec's ancillary business providing services and support for its customers with Xebec's purification products.

That service business is expected to grow rapidly from just 23% of sales in 2019 to an estimated 38% of sales in 2021. This will be crucial for Xebec's growth, as a segment with naturally recurring revenue will be a big tailwind for long-term performance.

Strong financials for this small-cap stock

In its most recent quarter, Xebec saw a 52% increase in revenue year over year. This is attractive for a few reasons. Firstly, any revenue growth is always a good sign, especially when it's such a large amount.

Secondly, its gross margins improved year over year with the increase in revenue. This is attractive because it shows that if Xebec can be profitable at these early stages, the economies of scale should help it become highly profitable as it continues to grow its sales.

The early stage profitability is especially attractive when comparing Xebec to other small-cap cleantech stocks.

And if you're concerned that there could be another market crash or more trouble ahead for an unproven small-cap stock like Xebec, you can take solace in knowing that Xebec has no net debt and plenty of cash.

Bottom line

Opportunities like these don't come around very often. So, if you need green energy exposure or just want a high-potential small-cap, Xebec is the stock for you.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:XBC (Xebec Adsorption Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/05

Date Created

2020/10/23

Author

danieldacosta

default watermark

default watermark