



Buy Alert: This TSX Small-Cap Stock Has Gained 100% in 2020

Description

From the looks of it, it seems like the third quarter of 2020 has been a turning point for quite a few companies. Normalcy has returned and companies have seen revenues and cash flows pick up once again. While that is good news for the economy as a whole, it is more imperative to look at stocks that have done well despite the pandemic.

I am not talking about stocks like **Shopify** and **Well Health** that have already been covered extensively. Rather, I'm talking about a hidden gem like **Airboss of America** ([TSX:BOS](#)) that just reported its Q3 numbers.

AirBoss works in the specialty chemicals space. It manufactures and sells custom compounded rubber across industries including industrial, automotive, defense, first response, and healthcare markets in Canada and the U.S. The stock had cratered to \$4.84 in March when the pandemic struck and the world went into a lockdown. In the months since the stock has gained almost 250% to \$16.7 today. In fact, in July, it had run up to \$24.61, up 408% in just four months.

Stellar quarter for the TSX stock

Airboss' revenues more than doubled [in the third quarter](#) as it supplied respirators and related products ordered by the U.S. government to combat COVID-19. Revenues for Q3 rose to US\$162.7 million from US\$77.2 million in the prior-year period.

Airboss recorded a second consecutive quarter of record EBITDA of US\$37.3 million, up 522.8% versus the third quarter of 2019. Adjusted profit came in at US\$0.47 per share compared to analyst expectations of US\$0.33 per share.

Free cash flow grew by US\$39.5 million to US\$38.5 million for nine-months ending September 30, 2020. The company reduced its net debt to TTM EBITDA ratio from 1.85 on December 31, 2019, to 0.25 on September 30, 2020.

New contract wins will drive sales higher

The U.S. Department for Health and Human Services (HHS) awarded Airboss a \$121 million contract for the manufacture and sale of 50,000 PAPR s, 3,000,000 filters, and related accessories.

The company's defense subsidiary, AirBoss Defense Group (ADG), was also awarded a two-year extension to the Husky Long-Term Contract valued at up to \$35.6 million. The Husky 2G is a vehicle-mounted mine detection system deploying a range of radar and sensor systems for countermines and non-conventional explosive detection. The contract ends in September 2022.

"It is unclear what impact COVID-19 will have on the economy and our customer base in the near term. However, we believe our diversification positions us well either for a hopeful return to a safe normalcy or to continue supplying front line workers with PPE if the pandemic continues or grows worse," stated Airboss President and Chief Operating Officer Chris Bitsakakis.

Airboss announced that it completed the acquisition of 100% ownership of ADG effective October 26, 2020, by purchasing 45% minority interest held by Critical Solutions Holdings.

This is a stock that has utilized the pandemic to its advantage by grabbing opportunities that have come its way. An agile workforce and an adaptive management team have helped it prosper at a time when most others have struggled. It's also on the [Top 16 TSX Stocks to Buy in November](#) list by the Fool contributor team.

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