Forget Facedrive: Here’s a Top Canadian Growth Stock to Buy Now

Description

One of the hottest trends in markets over the last few years has been to invest in EV stocks. So, it’s no surprise that a Canadian EV stock like **Facedrive** (TSXV:FD) has had such an incredible rally over the last year. This rally has caught the attention of many investors. That’s why many are looking at these growth stocks as some of the best to buy now.

Elon Musk and his revolutionary company **Tesla** have revolutionized the auto industry and created the urgency among automakers to invest in and develop better electric vehicle technology.

Now, more than a decade after the Tesla roadster was released to the market, there are electric vehicles all over the roads.

In some jurisdictions, like Europe, countries are pushing to have all cars on the road electric as soon as possible. And companies like **Ford** have announced it will only sell electric cars in Europe after 2030.

That’s some massive growth expected for the whole industry. Despite all this long-term potential, though, the industry seems to be fairly valued. The auto industry has long been highly competitive. And that won’t change as companies produce more electric vehicles.

Plus, once you understand Facedrive’s business model, the stock seems to be considerably overvalued. That’s why, in my opinion, several stocks are much better to buy now.

Forget Facedrive

Facedrive is considered an EV stock by many for its commitment to socially responsible services. However, the company has a business model that’s much closer to a company like **Uber**.

The ride-sharing industry is one that's highly competitive. So, Facedrive's green initiatives may entice some consumers, for the most part, though prices will likely determine which companies survive in the ride-sharing industry.

Regardless of the competition Facedrive faces, the stock is substantially overvalued. That's why you may want to avoid the stock today.

Facedrive could eventually work out. At the moment, though, investors need to see more potential. That's why I think it's not the best stock to buy now.

The tech stock had been an investor favourite for the better part of a year. However, it's declined rapidly since early February, down a whopping 72%. I'd warned investors back on March 3 that it was still overvalued, and it's only continued to fall by more than 50% since then. In my opinion, today, the stock still looks overvalued.

Currently, the stock is worth $1.6 billion. However, over the last 12 months, Facedrive has earned revenue of less than $1 million. That means the stock is trading at a value that is 1,615 times more than its sales.

Of course, growth stocks usually trade at premiums. However, Uber's price-to-sales ratio, for example, is just 9.7 times, so it's pretty clear that Facedrive stock is considerably overvalued.

A top growth stock to buy now

Rather than EV stocks which have seen their valuations skyrocket over the last few years, one of the best growth stocks to buy today is **Xebec Adsorption** (TSX:XBC).

Xebec is a cleantech stock — an industry that's similar in many ways to EV stocks. Climate change is a serious issue and one that can't be solved only by making vehicles electric.

Clean technology companies will be key to reducing our carbon footprint, which is why they are some of the best Canadian stocks to buy right now.

Xebec is a high-potential growth stock that's been quite volatile over the last year. It was a top growth stock in 2020. However, the industry saw a slight selloff to start the year, and Xebec sold off with it.

Nevertheless, its technology is impressive, and it has tonnes of potential to grow over the long term. Plus, it trades at an attractive price, offering a great opportunity for investors to take a position.

Xebec is nowhere near as overvalued as Facedrive. Recall that Facedrive's price-to-sales ratio was more than 1,600 times. Xebec, however, trades at a price-to-sales ratio of just 12 times, which is much more reasonable.

So, if you're looking for a high-quality Canadian growth stock to buy now, Xebec is one of the best long-term investments you can make.

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2. Tech Stocks

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2. TSXV:STER (Facedrive Inc.)

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