Forget Air Canada: This TSX Stock Has a Lot More Growth Potential

Description

In the early days of the pandemic, **Air Canada** (TSX:AC) lost over 70% of its value, but it has been one of the most popular **TSX** stocks. Investors have bought Air Canada stock in hopes that it could eventually recover to its pre-pandemic price of roughly $50 a share, and they could make a hefty profit.

Unfortunately, though, for many investors who have bought the stock over the last year, it's one of the only companies that hasn't had a significant recovery in its stock or its operations. In fact, it's one of the only stocks in Canada that's trading at more than 50% below its pre-pandemic price.

And while that could look like it's offering value, there's a reason the stock hasn't rallied until now. And, as I explained recently, the stock doesn't offer all the much upside for investors today.

Currently, with an average target price from analysts of just over $30, the TSX stock offers less than 20% return potential.

So, rather than taking on significant risks buying a stock that's losing tonnes of cash every day and only offering little upside potential, I'd recommend considering this top TSX stock with a lot more prospects for growth.

A top TSX growth stock to buy over Air Canada

Air Canada stock is attractive, because it looks like it's considerably undervalued and offers significant upside. Whether that's the case or not remains to be seen.

However, one top TSX stock that looks like it has even more growth potential is **Xebec Adsorption** (TSX:XBC). Xebec is a high-potential cleantech stock with massive growth potential over the coming years, as the world continues to shift to cleaner energy sources.

Currently, its target price is roughly $5.50. That means at current prices, the stock offers investors a little over 10% upside, according to analysts. That's actually less potential than Air Canada stocks has in the short term. However, Xebec is in a much different position than Air Canada.

Firstly, its business is not being impacted by the pandemic in nearly the same way as Air Canada, and therefore it's not losing massive amounts of cash. Moreover, the stock has a lot more growth potential over the next few decades than Air Canada, or any airliner, for that matter.

Cleantech is a revolutionary industry and one that will grow rapidly over the coming decades. Creating renewable energy is crucial to slow the effects of climate change, but it's not enough on its own.

Cleantech stocks will play an important role going forward. Xebec has incredible technology when it comes to capturing raw gasses and transforming them into clean energy in the form of renewable natural gas or hydrogen.

These technologies continue to catch on, and the business is growing its sales consistently, which will only continue to ramp up over the coming years.

Bottom line

Although the cleantech industry saw many stocks take a valuation hit earlier this year, the long-term potential has remained the same. That's why Xebec is one of the best growth stocks on the TSX, especially considering it's worth just $750 million.

So, considering it has a lot more long-term growth potential and a lot less short-term risk, Xebec is one of many stocks I'd consider over Air Canada.

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danieldacosta