



Got \$500? Shares in This 1 High-Growth Name Could Pop

Description

Energy investing isn't usually considered high growth, especially the more traditional forms of energy. It's no secret that hydrocarbon stocks are widely considered unlikely to test their all-time highs any time soon. However, at least one name stands out in the oil and gas space as a contender for a high-growth investing thesis. Here's why **Xebec Adsorption** (TSXV:XBC) could be a multi-bagger.

Watch this space for a stock market rally

Energy stocks could pop — and that includes fossil fuels. In fact, November could see an alignment of events that pushes oil and gas stocks through the roof.

First, let's look at the background. 2020 has seen [catastrophic demand destruction](#). The pandemic took the pre-existing high-output race to lower oil and turned it into a bloodbath. We've seen negative prices, cratering demand, and an OPEC+ at odds with itself this year.

But an end to the pandemic could have a reverse effect. Even the tangible hope of a vaccine could push oil and gas prices higher. A return of consumer confidence, an end to the shutdowns, and a turnaround in energy demand could see investors rush into this space. In fact, for a while at least, hydrocarbons could have the same momentum as tech stocks.

The bull case for energy stocks

Oil and gas investors will have a lot to celebrate if the American electorate plumps for the status quo next month. And should such an event coincide with a vaccine breakthrough, oil and gas stocks could recover.

However, even in the absence of such an alignment of events, Xebec Adsorption is [likely to go the distance](#). While renewables are undoubtedly on the ascent, gas still has a good few years left in it. To return to a previous point, hydrocarbons as a general rule are unlikely to be the steady-rolling, multi-year growth investments they once were. But Xebec Adsorption is something a little different.

It's no **Suncor** or **CNQ**. Instead, Xebec Adsorption is a market-cornering play on infrastructure. In a sense, it's diversified in the same way that **Enbridge** or **CN Rail** is diversified. In short, it serves a multitude of businesses, which helps to spread risk and lower overexposure. And at around \$5 a share, a \$500 investment will get you a fairly decent beginning stake.

And while it's ostensibly a hydrocarbon name, renewables factor into the growth thesis here as well. Since Xebec Adsorption is active in the biogas and renewable natural gas space, that makes it a play for clean energy investors. In a sense, Xebec Adsorption is therefore a twofer, covering both ends of the energy spectrum with the potential for growth at either — or both — ends.

In terms of market ratios and valuation, Xebec Adsorption needs to be weighed against its total returns. Up 227%, the growth thesis is already in evidence. Indeed, a P/B ratio of 6.6 times book might be too rich for the buy-and-hold portfolio manager. However, current estimates peg total returns by mid-decade to be pushing the 1,000% mark. And that could make Xebec Adsorption a buy at any price.

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1. Dividend Stocks
2. Energy Stocks
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POST TAG

1. clean energy
2. growth stock

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1. TSX:XBC (Xebec Adsorption Inc.)

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