



Is Greenlane Renewables (TSXV:GRN) a Faker or Contender?

Description

Renewable and clean energy companies are becoming more popular within investment portfolios. There are many possible reasons for this. One of the biggest catalysts may have been Joe Biden's [plan to invest](#) \$400 billion into clean energy over the next 10 years. Naturally, many small- and micro-cap stocks operating in this space have been the target of many retail investors. In this article, I will discuss **Greenlane Renewables** (TSXV:GRN) and whether investors should add it to their portfolios.

What does this company do?

Greenlane Renewables is a provider of biogas upgrading systems. In fact, as of December 2020, the company reported the greatest installed capacity of biogas upgrading systems globally in terms of flow rate. What exactly is biogas upgrading? It's the process where contaminants are removed from raw biogas and carbon dioxide are separated from biomethane. The result is a clean, high-purity, and low-carbon fuel.

There are two main advantages that come with this sort of fuel. The first is obvious: the process is 100% renewable and produces no new carbon. In a world where investors are actively seeking for solutions to help mitigate climate change, net-neutral or -negative carbon solutions are essential. The second advantage of using Greenland Renewables systems is that renewable natural gas, such as biogas, can be used as a drop-in substitute for natural gas.

This means that companies will not need to undergo intensive infrastructure changes in order to accommodate for a shift towards renewable natural gases. In fact, the world's largest natural gas producers are investigating options into the renewable natural gas space.

Is Greenlane Renewables worth an investment today?

There are many factors that investors should consider before starting a position in the company. First, one needs to ask, "is the company a market leader in an important, emerging industry?" The answer here is yes. Currently, Greenlane Renewables is the global leader in biogas upgrading. To date, the

company has delivered more than 110 systems globally across 18 countries.

Next, investors need to look at whether demand is increasing for a company's products and services. According to Greenlane's financials, the company began seeing revenue in 2019. Its total revenue over the past 12 months is reported as being 85% greater than the company's total revenue over the 2019 fiscal year. In addition, Greenlane Renewable has reported a consistent growth in quarterly revenue throughout 2020. Finally, the company has reported a sales order backlog of \$43.8 million.

One final check that investors may be interested in is whether the company features a great amount of insider ownership. Indeed, Greenlane Renewable reports an insider ownership of about 18%. This indicates that the company's management team is willing to be rewarded by the company's performance. It also suggests that its management's interests are aligned with those of the shareholders.

Foolish takeaway

I have been a [proponent of clean energy](#) companies throughout my time as a writer on the Motley Fool. I believe there is a bit of risk jumping into Greenlane Renewables at this point. Reasons include the stock being overextended (it has gained nearly 500% since late September) and a very short operational history.

However, there are a lot of things to like about this company. I think investors should add this company to their watch list. At a market cap of just over \$200 million, investors need not to worry about being late to this stock.

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