



2 Renewable Growth Stocks Show Green Financial Results

Description

Extreme weather is not fun. In fact, extreme winters, heat waves leading to wildfires, and excess rain leading to flooding have taken lives. Much of this is attributable to human-caused climate change. Renewable power and energy is a part of the solution against climate change.

Here are two renewable [growth stocks](#) that displayed green financial results in their recently reported quarterly results. They can be meaningful components of investors' retirement planning, as it would be investing with the long-term green trend.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) just reported its second-quarter (Q2) results yesterday. Its revenues jumped 54% year over year to \$527.5 million, while its adjusted EBITDA, a cash flow proxy, rose 39% to \$244.9 million.

Algonquin's president and CEO, Arun Banskota, noted that the strong growth is attributable to recent acquisitions as well as the company putting about 1,400 MW of renewable energy projects online since August 2020.

You might recall that Algonquin is composed of diversified regulated utilities and renewable generation facilities. About two-thirds of the company's assets are regulated electric, natural gas, water, and wastewater collection utilities. The third that remains is non-regulated renewable and clean power-generation facilities that source power from hydro, wind, solar, and thermal energy.

Consolidated, the utility generates stable profitability. Regulated utilities earn predictable returns, while the renewables portfolio is guarded by long-term contracts that contribute to steady cash flows. Algonquin also reaffirmed that it was on track on its five-year capital plan of \$9.4 billion through 2025.

Algonquin has been a fast-growing utility. Since 2011, it has increased its dividend by about 10% per year — a growth rate that aligned with its last dividend hike in May.

The reasonably valued stock did not have much of a reaction to the quarterly results. Currently, the stock provides a yield of nearly 4.4%.



AQN Dividend Yield data by YCharts.

The dividend stock's five-year yield history indicates that a yield of 4.8% or higher is an attractive price to buy the dividend stock, which implies a buy target of US\$14.17 (or CA\$17.72 based on the recent forex). So, interested investors should consider buying on a roughly 9% dip of the dividend stock.

Greenlane Renewables

Greenlane Renewables ([TSX:GRN](#)) also reported its Q2 results yesterday. It's [a pure growth stock](#) in the renewable natural gas market. It posted record revenue of \$12.6 million, up 200% versus Q2 2020. It maintained its gross profit margin of 26% versus Q2 2020.

Additionally, its adjusted EBITDA was \$0.1 million versus an adjusted EBITDA loss of \$0.5 million a year ago. The sales order backlog increased by 11% to \$41.9 million versus Q1 2021.

The company has a strong balance sheet that includes \$36.5 million in cash and cash equivalents compared with \$5.3 million a year ago. Management took advantage of high stock prices earlier this year to strengthen the balance sheet, raising \$26.5 million (\$2.17 per share) from an equity offering.

Despite solid Q2 results, the volatile stock declined more than 5% as of writing. At \$1.66 per share, the growth stock trades at a discount of approximately 24% from \$2.17. High-risk investors could potentially get a 30-60% price appreciation over the next 12 months.

Success of the company requires management's careful fulfillment of biogas projects that it has signed

to complete and refilling its sales order backlog from its large sales pipeline as it completes projects. So far, the company is doing a good job.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:GRN (Greenlane Renewables Inc.)

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