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**Green or Mean Returns – Investing in the Environment**

**By Freddie Mooche**

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Every industry is affected by rules and regulations. Environmental issues are becoming of greater importance as more and more regulations go into affect. Cleaner air, water, pesticides even the garbage we throw away is regulated. Do you think much about it?

Even the oceans are cause for environmental regulation. The resent oil tanker that broke in two off the coast of Spain has become world news and threatens the ocean's eco system and the industries that rely on it. From an investment perspective its the fishing industry's concern, as losses can run into the multi-millions. But fishermen aren't the only one's who'll suffer.

In 2015 all oil transport ships are to be double hulled. That's the current regulations and they're already talking about reforming that act. That spill is going to force those regulations to be changed, and rapidly. What that means is more ships will have to be built sooner. But it will also increase the cost of transporting oil in the short term and that means YOU are going to pay more for heating oil and gas for your car.

That brings me to the point of this article. The environment can provide green investments or mean investments, depending on which end of the spectrum your on.

The fishing industry off the coast of Spain is going to suffer, ship builders are going to benefit, the transportation industry is going to suffer and then the micro economic effects begin to (pardon my pun) spill over to smaller businesses.

Investing in environmental companies that are charged with clean up is a pretty safe bet. But only those that are consistently involved are the safest investment and have the greatest chance for growth; better green than mean. Go for safe, consistent segments.

What do we mean by a safe investment? In the environmental industry there are certain sectors where demand for their services are growing, especially since regulations began to be enacted to deal with the mounting waste issues. Two of the safest areas we've found are in the recycling field. Automotive

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byproducts, tires, are one of the more consistent demands in recycling. It's a green investment! The other is toxic metals and water. Very consistent demand, another green investment!

Access Business News looked at two green investments in the recycling industry, Greenman Technologies, Inc. and KBF Pollution Management, Inc. We recently interviewed the CFO of Greenman Technologies, Inc. (AMEX: GRN) in Access Business News Inside Wall Street column and had selected it as one of our "best picks" in our Stock Guide. The other company, KBF Pollution Management, Inc. (OTCBB: KBFP) is also in our Small Cap Corner's "best picks" column. GRN recycles tires and KBFP cleans up toxic metals and waste water. Two environmental companies in the recycling sector, both with consistent demand for their services. Green investments!

### GRN and KBFP By The Numbers

Greenman Technologies, Inc.

Classification: business services. In the first row are the Industry Averages and in the second row are Greenman Technologies, Inc. numbers.

Source: Market Guide as of 11/17/02

Mkt. Cap P/E Profit (%) Margin Price to Sales ROE Sales per Share Debt to Equity EPS Growth  
(5 yr.)

404.71 33.60 9.49% 6.73 15.48 NA 0.24 17.67

30.82 21.51 4.97% 1.09 93.04 1.84 2.35 NM

KBF Pollution Management , Inc.

Classification: waste management services. In the first row are the Industry Averages and in the second row are KBF Pollution Management, Inc. numbers.

Source: Market Guide as of 11/17/02

Mkt. Cap P/E Profit (%) Margin Price to Sales ROE Sales per Share Debt to Equity EPS Growth  
(5 yr.)

408.31 77.94 2.78% 1.38 5.19 NA 1.76 25.93

10.17 NM -25.01% 1.79 -24.33 0.04 0.49 NM

Below is a 3-month chart of Greenman Technologies Inc (AMEX: GRN) compared to KBF Pollution management, Inc. (OTCBB: KBFP) and the Pollution Index (POL).

### Looking for the Green

First of all, "classifications" can be confusing. GRN is classified as "business services", yet their S&P Company Report classifies them as "capital goods: environmental services" and KBFP is classified as "waste management services".

Trusting the numbers is another issue. Market Guide portrays the information to be current, yet based on their recent announcements of sales and earnings for the 3rd quarter ending Sept 30, neither GRN or KBFP's is exact. Data often isn't enough, you have to look deeper to find the green.

Clearly both companies are undervalued. Their industry classifications show very high P/E ratios. Makes you think your looking at Microsoft's numbers about 10 years ago. GRN is outperforming its industry average and based on those averages, if it traded equal to its peer group the stock should be priced around \$3.50 not \$2.00 where it currently trades. KBFP on the other hand has an even higher P/E ratio for its industry classification; Market Guide's figures appear to be wrong. KBFP announced on 11/14/02 that its sales had increased 50% for the quarter in comparison to the same period in the prior year and its earnings were reported to be \$273,508 for the period ending compared to \$109,700 for the previous year! So based on that recent announcement, KBFP is also undervalued. If it traded equal to its peer group the stock should be priced around \$0.10 not \$0.06 where it currently trades.

Let's examine why Axxess Business News believes these are safe investments. The five year earnings per share growth estimates for GRN's industry classification is 17.67%. Is your sagging portfolio of Telco stocks giving you that? I don't think so! GRN has debt, yet they've been very aggressive in expanding through acquisition and only recently listed to the AMEX from the OTCBB in September. KBFP's industry classification (5yr earnings per share growth estimates) is 25.93%. We like those kinds of numbers even better.

Both of these green investment companies have been aggressive and showing stellar improvements in their sales and earnings. They both have a lot of debt. But they both have a consistent market and most likely Market Guide's 5-year industry averages are close to reality. Give those 5yr averages a 50% haircut and you've still got a good return. Better than the DJIA, certainly better than money markets or certificates of deposit and there's room for appreciation as both companies are trading about 50% lower than their industry average.

Axxess Business News thinks that KBFP may be on the same path as GRN. They too are postured for growth and if they begin to go after acquisitions and list up to AMEX (remember, GRN was on the OTCBB) it could easily catch up to its peer group. GRN on the other hand has a head start and based on its prior growth investors may see more acquisitions happening.

Axxess Business News will continue to report on the activities of these companies for our readers as it's sure to interest investors. Members should watch for an Axxess News Alert in their in-box! If your not a member, consider subscribing now and you can get these great market alerts too!

To view more wall street stories by Freddie Mooche, go to <http://www.theaxcess.net> and subscribe. Its free!

Ms. Mooche is the senior financial columnist for Axxess Business News. She was Senior Analyst with Axiom Capital Corportion prior to becoming a Wall Street columnist and financial journalist. Her columns include, Inside Wall Street and Axxessing The Analysts.

### **Investing In Equestrian?**

**By Sharleen Standling**

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The majority of us regular Joes wish we had more money, but it seems the only way to make more money, is to actually have money in the first place, i.e. to invest.

This is not strictly true. There are many ways of investing small amounts of money, some of them you would not necessarily class as "investing" but investing by definition means – laying out money or capital in an enterprise with the expectation of profit.

Now take betting on a horse for example, I'm sure your significant other isn't going to buy into it when you tell them that you are investing, but by definition, you are. Every investment has an element of risk to it, betting on a horse of course, has a little more!

The other kinds of investing "Alternative Investments" are usually the area of collectors and hobbyists, but these can also generate a decent return on your money. This includes everything from art, antique furniture and wine to vintage cars, stamps and toys.

When it comes to wine, there is a convincing argument that as an investment, it produces returns comparable to equities and the cost of fine wines will keep on rising.

There are many other avenues to pursue when you are not wealthy enough already to invest your money into property and real estate. Taking a look in your attic to see what delights you may find could be a start.

The internet holds lots of information in regards to ideas for investing, there are bonds to consider, stocks and shares, gold or silver, even currency! Investing need not be for the privileged people, even us, the average Joes can start investing somewhere along the spectrum. Remember you have to start somewhere, and take your first little steps, but always think BIG.

Sharleen Standling is a proud contributing author Find more articles at

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