



Energy Fuels (TSX:EFR) Plunged– but Should You Buy?

Description

It's been a horrible month for **Energy Fuels Inc.** ([TSX:EFR](#)).

After hitting a 52-week high near \$5 per share, the stock has plunged 33% since the beginning of April to where it trades at \$3.33 per share at writing.

But that's nothing if you look at historical performance. The company once traded near \$275 per share and has since plummeted, only rising into the \$50 range a few years back. Now at \$3.38 per share at of writing, can this stock return to its former levels?

What happened?

The plunge came after the company announced its first-quarter results for 2019. While revenue came in at \$3.04 million, operating expenses, net income and diluted EPS all came in at a loss, at \$7.81 million, \$7.78 million, and \$0.08, respectively.

Energy Fuels isn't likely to make a profit any time soon, and there are a few reasons for that, but none of them should lead investors to think this isn't a strong stock. For one thing, Energy Fuels is the only company producing both uranium and vanadium, high-priced minerals that are also due for a boost in sale price.

Right now, Energy Fuels is in the process of investing in the opportunity it has to extract these minerals and create a stock so that when the time comes, they're ready to sell and sell high.

The company currently produces 175,000 to 200,000 pounds of vanadium per month, a number that's expected to grow to 200,000 to 225,000 pounds per month at full production rates. Beyond vanadium, the company owns three of the United States' key uranium production centres, which should really amp up in the next few years.

Should you buy the dip?

If you're looking at historical performance, you should be very excited about the potential for Energy Fuels. The company is definitely far from its all-time highs back in 2006 near \$225 per share, but analysts are still hopeful for this stock in the short term.

Over the next 12 months, analysts believe that the stock could return to \$6 per share. That's not much, but that's nearly double where it is today. That means an investment of \$10,000 could turn into \$17,751 in just 12 months.

Granted, that's a risky buy for a stock that's still in the process of collecting and storing rather than selling at high prices. If you're willing to make the bet, this stock could be in for an extremely lucrative future. Uranium prices are [set to soar](#) as reactors come online worldwide.

In the United States, the threat to national security means that more and more uranium producers will be needed to extract uranium at home rather than get it from abroad. That's great news for companies like Energy Fuels.

So while you might now see a share price of \$225 soon, I definitely expect this stock to make its way to the double digits; it just depends on how much risk you want. It wouldn't be too much to think that within the next five years this stock could get back to \$15 per share, which would be a solid increase of 345% and would turn your \$10,000 investment into a whopping \$44,378.

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Date

2025/09/12

Date Created

2019/06/02
Author
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