



Forget Hive Blockchain (TSX:HIVE) Stock: Here's a Better Opportunity

Description

Bitcoin mining startup **HIVE Blockchain Technologies** (TSX:HIVE) has had an incredible run over the past year. The stock is up a jaw-dropping 2,116% over the past year. That means you could have invested \$10,000 in the stock when the crisis erupted last March and have \$211,600 right now.

The stunning growth in Bitcoin adoption has been the prime driver of HIVE stock over the past year. However, the stock is now starting to look like it's priced to perfection. Meanwhile, a much better opportunity may have emerged in the Bitcoin sector that could deliver similar returns over the *next year*.

If you're curious about the cryptocurrency sector and are looking for hyper-growth opportunities, here's what you should know.

HIVE stock valuation

HIVE stock is considered a proxy for Bitcoin by most investors. The company owns and operates massive server farms that mine BTC. Some of this freshly minted BTC is sold to finance operational growth while the rest is held in reserve. HIVE stock is to Bitcoin what a gold miner's stock is to gold.

However, the miner's stock has outperformed the underlying asset, which is never a good sign. Bitcoin's market value has surged 560% over the past year, far lower than HIVE stock's performance over the same period. The company is now worth \$2 billion, while its underlying BTC reserves are worth only \$15 million.

Annualized revenue from mining could be roughly \$54-\$100 million this year. That means the company's valuation ranges from 10 to 20 times *forward sales* and 133 times crypto reserves.

In short, the price is simply unjustified. Bitcoin could deliver a tenfold return by the end of 2021 and HIVE stock would still be overvalued. Instead, Canadian investors can invest in a crypto stock that's arguably better valued.

Banxa stock

Australia-based **Banxa Holdings** ([TSXV:BNXA](#)) is a [crypto payment processor](#). The company allows users to convert their traditional currencies (Canadian dollars, U.S. dollars, etc.) into crypto (BTC, ETH, etc.).

Banxa is arguably a better opportunity than HIVE stock for two reasons: valuation and business model.

Payment processing is a low-margin, high-volume, capital-light business. Stocks in this industry have had a tremendous run over the past year. As consumers spend more over the next year, their transaction volume should surge. In Banxa's case, total transaction volume is amplified by the market value of cryptocurrencies.

Meanwhile, financial regulations act as barriers to entry. Banxa seems to be the dominant payment processor for crypto in Australia and Canada. It's gaining momentum in other countries too. That puts it in a favourable position as adoption grows.

Finally, Banxa's market value is just \$150 million at the time of writing. That's doubled since late January. The stock is trading at a [price-to-sales ratio of just 10](#). Not only is that reasonable when compared to other payment stocks, but it's also much fairer than HIVE stock.

Bottom line

HIVE stock is overvalued and newly listed Banxa Holdings could be a better opportunity for Bitcoin investors.

CATEGORY

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2. Tech Stocks

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2. TSXV:HIVE (Hive Blockchain Technologies)

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Author

vraisinghani

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