



1 Top Cryptocurrency Mining Stock to Buy Before Its Earnings Event This Week

Description

Hut 8 Mining Corp ([TSX:HUT](#)) will announce its Q1 2021 results on Thursday morning. While its stock has been largely trading on a negative note for the last couple of months, the stock has still outperformed the **TSX Composite Index** by a wide margin in 2021 so far.

Let's take a closer look at why I find Hut 8 Mining stock worth buying before its upcoming earnings event later this week.

Hut 8 Mining

Hut 8 Mining is a Toronto-based [cryptocurrency](#) miner with a market cap of \$740 million. It's mainly known for being the world's one of the oldest and largest **Bitcoin** miners. This nearly 10-year old cryptocurrency mining firm went public in October 2012.

In 2020, Hut 8 Mining mined nearly 2,798 Bitcoin — significantly lower than the 8,618 Bitcoin it mined in the previous year. The lower number of Bitcoins mined during the year was the key reason why its total revenue fell by more than 50% last year to \$40.7 million. Several factors like a Bitcoin price drop in early 2020 and the Bitcoin halving event around May 2020 — where the block reward was cut in half — affected Hut 8 Mining's overall revenue last year. Nonetheless, its revenue growth trend improved in the fourth quarter as it more than doubled on a year-over-year (YoY) basis to \$13 million.

Expectations for 2021

Bay Street analysts expect Hut 8 Mining's revenue to jump by nearly 370% YoY this year to \$191 million. This significant surge in its total revenue is expected to help the company report a nearly 317% YoY increase in its earnings for the year. Surging Bitcoin prices and Hut 8's improved cryptocurrency mining infrastructure could be the main reason for analysts' optimism.

These estimates suggest that the company's Q1 total revenue could reach around \$23 million — significantly higher from \$13 million in the previous quarter.

Is its stock worth buying?

The Canadian cryptocurrency mining company recently [announced](#) its purchase of **NVIDIA's** CMPs (crypto mining processors) worth US\$30 million. Hut 8 plans to use these NVIDIA CMPs to mine **Ethereum**, alternative blockchain networks, and expand its mining business.

Hut 8 Mining's stock is currently trading at \$6.19 per share with about 68% year-to-date gains. By comparison, the **TSX** Composite benchmark has inched up by about 12% in 2021 so far. The company's stock has lost nearly 37% in the last 25 days as Bitcoin prices have seen a sharp correction during this period. However, Bitcoin prices could soon start making new highs with its rising acceptability across the globe.

Although I find Hut 8 stock risky for conservative investors, other investors with a medium to high-risk appetite could buy its stock near current levels to hold it for the long term. Its stock may involve high risks due to its exposure to the extremely volatile cryptocurrency market, but it also has the potential to yield outstanding returns in the long term.

Foolish takeaway

Trading in cryptocurrencies like Bitcoin and Ethereum with high leverage might not be a good idea as their high volatility is enough to wipe out your whole investment account within a few days. That's why investing in cryptocurrency mining stocks like Hut 8 instead could be a safer option for investors who want to benefit from rallying crypto prices.

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