



## This Bitcoin Miner Is Outperforming the Cryptocurrency!

### Description

**Bitfarms** (TSXV:BITF)([NASDAQ:BITF](#)) has been one of the best-performing cryptocurrency stocks in one of the most challenging periods for its industry. The stock is up by more than 100% year to date. In contrast, Bitcoin, the underlying cryptocurrency at the heart of the company's core business, has shed all the gains accrued this year.

This outperformance is a testament to the resilience of the Bitcoin mining business model. It also indicates that the industry is finally on the cusp of maturity. Here's a closer look at why Bitfarms should be on your crypto watch list.

### China's ban

China's ban on cryptocurrency mining has been a tailwind for rivals like Bitfarms. Chinese miners accounted for roughly 70% of the network earlier this year. Now, the nation has relinquished its dominance, which means Bitfarms faces less competitive pressure.

This decline in competition is instantly reflected in the difficulty levels of mining each BTC. The difficulty has declined by 40% and some experts estimate it could drop further. That improves margins and productivity for Bitfarms, even though BTC's market value has declined.

### Solid Bitcoin operations

The company's solid performance in the first quarter is part of the reason the stock has been surging for much of this year. Revenues in the quarter came in at \$28.4 million as gross profit equated to \$19.3 million.

During the quarter, Bitfarms mined 598 Bitcoins at an average price of \$8,400 per Bitcoin. It ended up retaining 548 million worth \$32,4 million as of March 31, 2021. Since the end of the first quarter, the company has continued to add its BTC inventory which has since risen to about 1,000 BTC, are valued at over \$40 million.

## NASDAQ listing

Additionally, the company has already priced three private placements for gross proceeds of about CDN\$80 million. The net proceeds leave the company well-financed to expedite infrastructure expansion plans and make deposits for miners.

In addition to the impressive outstanding operational and financial results, the company has been approved for listing on the Nasdaq stock exchange. Listing on the Nasdaq is an important milestone as it allows the company to gain much-needed exposure in new capital markets and the broader investing community.

After the 100% plus price spike, Bitfarms is not cheap. The stock is trading with a price-to-sales multiple of 14 and a price-to-book multiple of five. However, the stock is still a buy, given the steep correction in Bitcoin prices. A bounceback in Bitcoin prices should allow the company to generate more revenues expected to bolster its ability to generate shareholder value.

## Bottom line

Bitfarms has outperformed Bitcoin because its mining operations benefit from China's ban. Much of the company's competition has been effectively eliminated. That means better margins for Canadian miners like Bitfarms.

Coupled with the company's operational efficiency and access to more capital from the recent NASDAQ listing, this stock should continue to outperform.

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