



Why Enthusiast Gaming Stock Soared 20% on Earnings

Description

Enthusiast Gaming Holdings ([TSX:EGLX](#))(NASDAQ:EGLX) shares climbed 20% after the company reported strong earnings for the quarter, exceeding expectations.

What happened?

Enthusiast Gaming stock reported preliminary results for its fourth quarter that included revenue of \$56.9 million. This was a 34% year-over-year increase and 9.6% higher than the estimated \$51.9 million. Its gross profit is expected to hit \$13.7 million — a 69% increase from the year before.

Annual revenue is expected to hit \$167.4 million — an impressive 130% increase year over year. Enthusiast Gaming stock also announced paid subscribers as of Dec. 31, 2021, of 220,000. That's an 80% increase from the year before. Full results for the fourth quarter and year end will be released on Mar. 24.

So what?

These results are incredible going into earnings season, especially as the video game and esports platform looks forward to more growth this year. Enthusiast Gaming stock management [expects](#) record revenue for the fourth quarter. Furthermore, it has more on the way thanks to strategic acquisitions, such as Addicting Games.

Enthusiast Gaming stock also saw record United States visitor traffic in December, with Comscore seeing 51.8 million recorded for the month. This is set to only climb higher, as its acquisitions and strategic partnerships bring on growth, as well as single-day sports betting in the near future in Canada.

Now what?

What's important to note is these aren't even the reported results. These are preliminary. So, it's quite

likely that Enthusiast Gaming stock will grow yet again when the results come in. In fact, analysts continue to mark the stock as a buy, with a [target](#) consensus price of around \$10. That's a potential upside of 178% even after today's jump up 20%.

And if you think the company may be overbought, right now, it sits at a solid 60 on the relative strength index (RSI). So there is certainly more room to grow. And with a price-to-book ratio of 1.48, one could even argue it's a [value](#) stock, even at this point.

CATEGORY

1. Investing
2. Tech Stocks

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