



Why Anaergia Stock Soared 22% on Wednesday

Description

Anaergia ([TSX:ANRG](#)) shares jumped 22% on Wednesday, as the renewable energy company announced positive developments for its European operations.

What happened?

Anaergia stock announced several positive developments in Europe that affected the company's share price. Management produced a statement that, due to higher European gas prices hitting [record](#) highs in the region, has led to a focus on renewable energy. In particular, this affects the European Union.

The recent Ukraine crisis has "accelerated the European Union's resolve to restructure its energy sector," the statement reads. This includes making E.U. countries more self-sufficient when it comes to energy sources, which would include a focus on renewable sources.

So what?

Anaergia stock focuses on these renewable natural gas (RNG) sources. The company turns organic waste into RNG, fertilizer, and water. It therefore is in a unique position to take advantage of high gas prices, while also helping the E.U. move towards renewable energy.

By producing RNG at home, E.U. countries in particular can rely far less on Russian gas. In fact, Anaergia stock states that it could be reduced by two-thirds in 2022 alone, phasing out completely by 2030. The company is already set up in five countries that would provide [significant](#) growth for the stock. Furthermore, there are now even more opportunities for the company to enter European markets.

Now what?

Even after the substantial growth on Wednesday, shares of Anaergia stock are still less than half

analyst estimates. The company has a target price of \$29 on average, providing a potential upside of 142% as of writing. This comes from these projects that have seen record heights and continue to improve.

In particular, Anaergia stock points to the increased price in gas, and further “green certificates” guaranteed by governments — all at a higher price due to demand. Therefore, management estimates annualized EBITDA at about \$58 million to \$97 million for 2023.

Shares of Anaergia stock are up 20% as of writing, trading at 3.53 times book value.

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