



## Why Anaergia Stock Plunged 24% on Monday

### Description

Renewable energy company **Anaergia** ([TSX:ANRG](#)) shares plummeted by 24% on Monday, as the company reported its earnings results for the quarter.

### What happened?

Anaergia stock lost all the gains it made [earlier this month](#), as the company announced earnings that included an increase in losses. The company reported fourth-quarter revenue of \$50.2 million, up from \$39.9 million the year before. While this beat out estimates of \$42.3 million, its net loss jumped to \$7.8 million from \$1.6 million last year — a 388% increase.

The loss was attributed to the “winding down of a large legacy capital sales project in the Netherlands,” management said in a statement. Revenue was strong, but management admitted they thought it would be stronger, but were subject to COVID-19 and supply-chain issues.

### So what?

The losses seem to have scared off investors who were hoping for a strong quarter from Anaergia stock. This comes after the company all but guaranteed future strength because of the shifting situation in Europe.

Earlier this month, Anaergia stock announced it sees a strong opportunity for European expansion. This comes as the war in Ukraine leaves many European countries with little natural gas. Instead, they may seek out alternatives, which would include the large-scale renewable natural gas production provided for by Anaergia stock.

However, despite a significant backlog, this was a substantial increase in losses for the company. Therefore, it seems the company will have to prove its worth before sees shares climb once more.

## Now what?

Analysts continue to recommend the stock as a buy given the potential for growth Anaergia stock suggests. Europe will become a growth opportunity for the company, and analysts believe the stock could double in the next year.

However, the company also has some assumptions to contend with. That includes that the natural gas price in Europe would remain at about US\$26, forecasted before the war in Ukraine. If so, this would increase the company's EBITDA for the year to about \$97 million.

Shares of Anaergia stock were down 20% as of writing.

### CATEGORY

1. Energy Stocks
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