



## Are Crypto Mining Stocks Undervalued Right Now?

### Description

Cryptocurrencies gained momentum in 2021 on the back of the widespread adoption of **Bitcoin** ([CRYPTO:BTC](#)) and other digital assets. While Bitcoin was unheard of 10 years back, it is now valued at a market cap of US\$427 billion. In fact, at its peak, the [cryptocurrency](#) market was valued at a market cap of US\$3 trillion.

Several publicly listed companies such as **Tesla**, **Block**, and **PayPal** already hold Bitcoin on their balance sheet. Further, last September, El Salvador was the first country in the world to recognize and accept Bitcoin as a legal tender.

So, it makes sense to allocate a small portion of your savings and gain exposure to the crypto space, especially if you remain bullish on this highly disruptive segment. But investors should understand that investing in cryptocurrency carries massive risks due to the volatility and lack of regulation associated with this asset class.

There are several ways to gain exposure to cryptocurrencies. You can buy digital assets on a trading platform or even buy shares of companies that own Bitcoin. A few exchange-traded funds are listed on the TSX as well that track Bitcoin and **Ethereum**.

Alternatively, you can also consider investing in publicly listed Bitcoin miners such as **Hut 8 Mining** ([TSX:HUT](#))([NASDAQ:HUT](#)) and **Hive Blockchain Technologies** ([TSXV:HIVE](#))([NASDAQ:HVB](#)T).

### Is Hut 8 Mining stock a buy?

Hut 8 Mining is among the most popular Bitcoin mining companies in Canada. It already commands a sizeable minority stake on the Bitcoin network and continues to generate strong cash flows amid a challenging macro environment.

Hut 8 Mining mines BTC tokens but does not sell them on the open market. Instead, it enhances shareholder value by lending them out and generating a tasty yield on these loans. Further, Hut 8 is environment friendly as it uses wind, solar, and natural gas to power its mining operations.

In the first six months of 2022, Hut 8 Mining reported revenue of \$97.2 million, compared to \$65.5 million in the year-ago period. Despite a steep decline in BTC prices, Hut 8 is forecast to increase sales by a marginal 0.3% to \$174.2 million in 2022.

So, the company is valued at less than four times forward sales, but still quite reasonably. Hut 8 Mining stock is down 84% from all-time highs, but HUT is also trading at a discount of 90% to consensus price target estimates.

## Is Hive Blockchain stock undervalued?

A small-cap stock valued at \$546 million by [market cap](#), **Hive Blockchain** shares are also trading 80% below all-time highs. In the fiscal first quarter of 2023, Hive reported revenue of \$44 million, an increase of 13% year over year. But its net loss stood at a massive \$95.3 million, compared to a net profit of \$23.5 million in the year-ago period.

Crypto miners have to revalue their crypto holdings each quarter, which might significantly impact the bottom line of these companies. Hive also lost a substantial amount as it sold the assets it mined at a loss. In fact, these two items cost Hive \$155 million in fiscal Q1.

## The Foolish takeaway

The stock prices of crypto mining companies are closely tied to the performance of the assets they mine. So, if you expect cryptocurrency prices to gain momentum in the upcoming decade, you might want to take a closer look at the two stocks mentioned here.

### CATEGORY

1. Cryptocurrency

### TICKERS GLOBAL

1. CRYPTO:BTC.? (Bitcoin.?)
2. NASDAQ:HIVE (Hive Digital Technologies)
3. NASDAQ:HUT (Hut 8 Mining)
4. TSX:HUT (Hut 8 Mining)
5. TSXV:HIVE (Hive Blockchain Technologies)

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1. Cryptocurrency

#### **Date**

2025/07/19

#### **Date Created**

2022/09/13

#### **Author**

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