



## What to Expect When Yamana Gold Reports Earnings Next Week

### Description

**Yamana Gold** ([TSX: YRI](#))([NYSE: AUU](#)) is scheduled to post its quarterly earnings report next Thursday. After the large drop in gold prices over the past year, investors are bracing themselves for another ugly report. However, even as other miners posted big losses, Yamana's earnings have remained positive throughout the industry's downturn.

In fact, the company has even taken advantage of the sector's current doldrums to buy up assets on the cheap. Could Yamana actually exit this downturn stronger than it entered? Let's take an early peek at what the company has been up to over the past few months and what we're likely to see in the upcoming report.

### Stats on Yamana Gold

<b>Analysts' EPS Estimate</b>	\$0.04
<b>Year-Ago EPS</b>	\$0.07
<b>Revenue Estimate</b>	\$463.37M
<b>Change From Year-Ago Revenue</b>	7.60%
<b>Earnings Beats in Past Four Quarters 1</b>	

Source: Yahoo! Finance

### Can Yamana deliver for shareholders this quarter?

After gut-wrenching declines in the gold space, there's a growing optimism among investors that a bottom is now in place. Metal prices have stabilized. Cost cuts and asset sales are also returning many companies back to profitability.

Analysts have cut their views on Yamana's earnings substantially in recent months, cutting their second-quarter outlook by 43% and trimming another 30% off of their consensus full-year estimate. However, the share price has stabilized, up 3% over the past three months.

In June, Yamana and **Agnico Eagle Mines** ([TSX: AEM](#))([NYSE: AEM](#)) completed their joint \$3.7 billion acquisition of Osisko Mining and the company's flagship Malartic mine in Quebec. While the history of acquisitions has been terrible from the perspective of shareholders, Yamana and Agnico may have come out as winners in this transaction.

In a broad sense, the deal makes sense because it is crucial for gold miners to secure low-risk production. It has become increasingly difficult to secure large gold deposits. Miners need to purchase these assets now or face declining production profiles in the future. There has also been no better time for mid-tier producers like as Yamana and Agnico to begin buying, because most of the seniors are busy repairing their balance sheets.

For Yamana, the deal creates tax savings and reduces the company's reliance on riskier mining jurisdictions like Argentina. The addition of a low-cost, flagship asset in Canada should help the stock get priced closer to its higher-multiple peers.

From Agnico's point of view, the deal adds another world-class property to its asset base. Because of the Malartic mine's proximity to the company's nearby projects, the acquisition also creates numerous cost-saving opportunities.

This is where investors should get excited. Yamana and Agnico haven't yet communicated how they're going to plan and grow the Malartic mine. There are lots of opportunities to cut costs and expand production that the investment community hasn't yet taken into account.

As the company communicates that plan to investors, the stock could be re-rated higher. While the second quarter might be too early to expect any news on this item, it's something investors will want to watch for in the months ahead.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:AUY (Yamana Gold)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:YRI (Yamana Gold)

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