



What to Expect When Barrick Gold Reports Earnings Tomorrow

Description

Barrick Gold ([TSX: ABX](#))(NYSE: ABX) reports its quarterly earnings tomorrow. The day before the first meeting with Barrick's new board, investors are in the dark about the mining giant's strategy. Amid a CEO shake-up, investors will be looking for clues as to how the new management team plans to lead the company. Let's take an early look at what has been happening at Barrick over the past quarter and what we're likely to see in the upcoming report.

Stats on Barrick Gold

Analyst EPS Estimate	\$0.18
Change From Year-Ago EPS	\$0.66
Revenue Estimate	\$2.44B
Change From Year-Ago Revenue	-23.70%
Earnings Beats in Past 4 Quarters	2

Source: Yahoo! Finance

What does the future of Barrick Gold look like?

Analyst have cut their views recently on Barrick's earnings, with a \$0.06 per share drop in their consensus June quarter estimates and a 20% write-down for the entire fiscal year. The stock, in contrast, has staged a small rally, up 5% over the past three months.

After a major management shake-up, shareholders are anxious to get a sense of the company's direction. The miner's strategy has come under scrutiny after new Chairman John Thornton axed Chief Executive Jamie Sokalsky. Sokalsky was a conservative, cost-conscious executive who won favour with investors. Instead, the company will now have two co-presidents and Barrick's chief financial officer will work closely with Mr. Thornton to develop a new strategy.

And this is the great unknown for shareholders. John Thornton wants Barrick to become the world's biggest gold producer and a 'leader' in copper. Exactly what that means is unclear.

The co-president's first job will be to review Barrick's 17 mining properties. Sokalsky has already started the process of paring down the company's unwieldy asset portfolio. The company sold off unprofitable mines, paid off debt, and slashed costs.

Shareholders want to know if the company will continue down this path of becoming a smaller, more profitable miner or pursue big, transformational deals. Investors will likely have to wait until the next quarter for the release of the full strategic plan. While they wait, analysts will be parsing every comment for any hints of the company's new strategy.

However, judging by the comments made by Mr. Thornton in the past, I suspect Barrick will return to its empire-building ways at the expense of shareholders. If management peruses growth at the expense of profitability, Barrick will continue to trade at a discount to its peers.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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Author

rbailieul

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