



What to Expect When Cameco Reports Earnings Tomorrow

Description

Cameco ([TSX: CCO](#))([NYSE: CCJ](#)) is scheduled to publish its quarterly earnings on Thursday, and investors haven't been all that optimistic on the uranium miner's ability to deliver. In the aftermath of Japan's Fukushima Daiichi disaster, uranium prices remain in the doldrums. The company is also struggling to bring its massive Cigar Lake project online. Let's take a peek at what has been happening at Cameco over the past few months and what we're likely to see in the upcoming report.

Stats on Cameco

| | |
|---|-----------|
| Analyst's EPS Estimate | \$0.17 |
| Change From Year-Ago EPS | \$0.15 |
| Revenue Estimate | \$553.93M |
| Change From Year-Ago Revenue | 31.60% |
| Earnings Beats in Past Four Quarters 1 | |

Source: Yahoo! Finance

Can Cameco finally turn things around?

Analysts have been pessimistic on Cameco's earnings in recent months, cutting their second-quarter estimates by \$0.02 per share and \$0.06 per share for the full fiscal year. The stock is trading down in lockstep, off 4% over the past three months.

After the Japanese earthquake and reactor disaster, the outlook for the uranium industry got a lot uglier. Around the world, countries reversed the growing trend toward nuclear power, with some shelving plans for new facilities and others contemplating shutting down existing capacity. In the aftermath, uranium prices plunged to below \$30 per pound.

However, things are looking up for the beleaguered industry. In Japan, Prime Minister Shinzo Abe's Liberal Democratic Party has remained committed to nuclear energy despite safety worries. While demand in the developed world remains subdued, emerging economies like China and India are still

ramping up their nuclear power programs.

On the supply side, current prices are well below the industry's average cost of production. Small producers are going bust, larger players are cutting output, and nobody is investing in future mines. Eventually, prices must rise to meet the industry's cost of production or the lights will go out.

Cameco is the lowest-cost producer of uranium, giving it an advantage over smaller miners like **Denison Mines** ([TSX: DML](#))([NYSEMKT: DNN](#)). This gives Cameco the size and scale necessary to survive the industry's current doldrums. In the company's report, look for clues as to how the company plans to take advantage of the sector's current crisis. With rivals in retreat, now would be a good time to start buying up high-quality assets on the cheap.

Also, be sure to listen for an update on the company's mammoth Cigar Lake project. Earlier this month, Cameco stopped some work at the uranium mine in northern Saskatchewan after discovering that ground freezing used to prevent water from entering the mine had not advanced as quickly as expected in some areas. Investors will want to hear more details as to how this will affect the mine's development timeline.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSEMKT:DNN (Denison Mines Corp.)
3. TSX:CCO (Cameco Corporation)
4. TSX:DML (Denison Mines Corp.)

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