



What to Expect When Thompson Creek Metals Company Inc Reports Earnings This Week

Description

Thompson Creek Metals Company Inc (TSX: TCM)(NYSE: TC) is scheduled to report its quarterly earnings on Tuesday. After years of losses, things are finally starting to look up for the troubled miner. With the ramp-up of the company's Mt. Milligan copper and gold mine, the company is poised to return to profitability.

Let's take a look at what has been happening at the company over the past quarter and what we're likely to see in the upcoming report.

Stats on Thompson Creek Metals

Analysts' EPS Estimate	\$0.10
Year-Ago EPS	\$0.08
Revenue Estimate	\$195.75M
Change From Year-Ago Revenue	66.20%
Earnings Beats in Past Four Quarters 2	

Source: Yahoo! Finance

Has Thompson Creek Metals finally turned the corner?

Molybdenum has been one of the few bright spots of the resource sector over the past few months. Prices have soared more than 30% for the year to date as production cuts began to crimp supplies. As any armchair mining analyst could tell you, higher spot rates have had a positive impact on Thompson Creek's bottom line.

In recent months, Bay Street has been ratcheting up its expectations of its earnings, going from a \$0.03 per share loss for the second quarter to a current \$0.10 per share profit. For the full year, the street is looking for the company to earn about \$0.28 per share, more than double the consensus

estimate only 60 days ago. However, in spite of the company's improving fundamentals, the stock has been relatively tame, up a meager 7% over the past three months.

While Thompson Creek Metals is known for molybdenum, the company is transforming into a more diversified miner. The company's second-quarter results showed the transition, as Mt. Milligan produced more than 29,700 dry tonnes of copper-gold-silver concentrate. With mining production expected to ramp up through the rest of the year and 2015, it should continue to post stellar earnings growth.

The key question for investors is how much Mt. Milligan will affect the company's production mix. Given that the mine has 2.1 billion pounds of copper reserves and management has sold off streaming interests to more than 50% of its gold production, it's evident that copper will drive the bulk of the company's earnings in the near future. Eventually, Thompson Creek Metals is likely to join **MolyCorp Minerals Canada ULC** (TSX: NEM)(NYSE: MCP) in having molybdenum make up only a small portion of its overall revenue stream.

In Thompson Creek's upcoming report, watch for the miner to give its latest update on Mt. Milligan's development and plans for further production increases. Investors will also want to get a sense for what management plans to do as payments from the mine's production start rolling in. Shareholders should expect that executives will use the proceeds to pay down debt and shore up its balance sheet, but they may have other plans.

CATEGORY

1. Investing

Category

1. Investing

Date

2025/10/01

Date Created

2014/08/04

Author

rbailieul

default watermark