

Should You Buy Shares of Agnico Eagle Mines Ltd. Today?

Description

Agnico Eagle Mines Ltd. ([TSX:AEM](#))([NYSE:AEM](#)), one of world's largest producers of gold, announced fourth-quarter earnings after the market closed on February 11, and its stock responded by rising over 4.5% the following day. However, even after this large rally, the company's stock still sits more than 10% below its 52-week high, so let's break down the results and its outlook on fiscal 2015 to determine if we should consider buying into the rally, or wait for it to subside.

Record gold production leads to strong results

Here's a summary of Agnico's fourth-quarter earnings compared to its results in the year-ago period.

Metric	Q4 2014	Q4 2013
Earnings Per Share	(\$0.10)	(\$4.49)
Revenue	\$503.09 million	\$437.24 million

Source: Agnico Eagle Mines

Agnico reported a net loss of \$21.28 million, or \$0.10 per share, in the fourth quarter of fiscal 2014, compared to a net loss of \$780.27 million, or \$4.49 per share, in the year-ago period, as its revenue increased 15.1%. The company's strong revenue growth was driven by the sale of 395,848 ounces of gold during the quarter, an increase of 21.2% year-over-year, while its narrowed loss in net income can be attributed to a \$1 billion impairment charge it took in the year-ago period.

Here's a quick breakdown of 10 other notable statistics and updates from the report compared to the year-ago period:

1. Total payable gold produced increased 20.2% to a record 387,538 ounces.
2. Total cash costs per ounce of gold increased 12% to \$662.
3. Total payable silver produced decreased 8.5% to 1 million ounces.
4. Total payable zinc produced decreased 45.6% to 2,431 tonnes.
5. Total payable copper produced increased 13.2% to 1,395 tonnes.
6. Realized price of gold decreased 9.8% to \$1,202 per ounce.
7. Realized price of silver decreased 22.8% to \$15.60 per ounce.
8. Realized price of zinc increased 13.2% to \$2,216 per tonne.
9. Realized price of copper decreased 18.1% to \$5,961 per tonne.
10. Cash provided by operating activities increased 16.5% to \$163.96 million.

Also, Agnico announced that it will be maintaining its quarterly dividend of \$0.08 per share, and the next payment will come on March 16 to shareholders of record at the close of business on March 2. The company went on to proudly note that this marked the 32nd consecutive year in which it has declared a cash dividend.

Lastly, Agnico reiterated its full-year outlook on fiscal 2015, calling for the production of approximately 1.6 million ounces of gold with total cash costs on a byproduct basis of \$610-\$630 per ounce.

Should you invest in Agnico Eagle Mines today?

Agnico Eagle Mines is one of the world's leading producers of gold, silver, and other metals, and record gold production and increased sales led it to a very strong fourth-quarter performance. Its stock reacted accordingly by rising over 4.5%.

I think Agnico represents an attractive long-term investment opportunity today, even after the large post-earnings pop, because it still trades at low valuations, including just 32.5 times analysts' adjusted earnings per share projection of \$1.25 for fiscal 2015, which is very inexpensive compared to its five-year average price-to-earnings multiple of 54.9.

Additionally, the company pays an annual dividend of \$0.32 per share, which gives its stock a respectable 0.8% yield, and this will provide additional returns to investors going forward, especially if each payment is reinvested.

With all of the information above in mind, I think Agnico Eagle Mines represents one of the best long-term investment opportunities in the gold industry today, so Foolish investors should take a closer look and consider establishing positions on any weakness provided by the market.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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