



## Is Now the Time to Buy Agnico Eagle Mines Ltd.?

### Description

**Agnico Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)), one of world's largest producers of gold and silver, announced second-quarter earnings results after the market closed on July 29, and its stock responded by falling over 3%. Let's take a closer look at the quarterly results to determine if we should consider using this weakness as a long-term buying opportunity, or if we should wait for an even better entry point in the trading sessions ahead.

### Breaking it all down

Here's a summary of Agnico's second-quarter earnings results compared with its results in the same period a year ago. All figures are in U.S. dollars.

Metric	Q2 2015	Q2 2014
Adjusted Earnings Per Share	\$0.09	\$0.12
Revenue	\$510.11 million	\$438.52 million

*Source: Agnico Eagle Mines Ltd.*

Agnico's adjusted earnings per share decreased 25% and its revenue increased 16.3% compared with the second quarter of fiscal 2014. The company's slight decline in earnings per share can be attributed to its adjusted net income decreasing 16.7% year over year to \$18.5 million, primarily due to its total operating expenses increasing 17.5% to \$489.2 million.

Its very strong revenue growth can be attributed to its increased sales volumes compared with the year-ago period, including its total gold sales increasing 25.5% to 405,972 ounces and its total silver sales increasing 31% to 1.11 million ounces.

Here's a quick breakdown of 12 other notable statistics from the report compared with the year-ago period:

1. Total payable gold production increased 23.8% to 403,678 ounces

2. Realized price of gold decreased 7.4% to \$1,196 per ounce
3. Total payable silver production increased 17.9% to 1.02 million ounces
4. Realized price of silver decreased 15.6% to \$16.41 per ounce
5. Total payable copper production increased 7.1% to 1,133 tonnes
6. Copper sales increased 5.3% to 1,131 tonnes
7. Realized price of copper decreased 9% to \$6,274 per tonne
8. Total payable zinc production 78.2% to 827 tonnes
9. Zinc sales decreased 70.2% to 733 tonnes
10. Realized price of zinc increased 4.2% to \$2,231 per tonne
11. Operating profit increased 17.9% to \$246.5 million
12. Cash provided by operating activities increased 3.1% to \$188.35 million

Agnico also announced that it will be maintaining its quarterly dividend of \$0.08 per share, and the next payment will come on September 15 to shareholders of record at the close of business on September 1.

### **Should you buy or avoid Agnico today?**

The second quarter was highly successful for Agnico Eagle Mines, so I do not think the post-earnings drop in its stock is warranted. With this being said, I think it represents a great long-term buying opportunity because the stock now trades at very attractive valuations, including just 48.1 times fiscal 2015's estimated earnings per share of \$0.60 and just 38 times fiscal 2016's estimated earnings per share of \$0.76, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 53.3.

In addition, Agnico pays an annual dividend of \$0.32 per share, which gives its stock a 1.4% yield at today's levels. A 1.4% yield may not impress you at first, but it is very important to note that the company has paid dividends every year since 1983, showing that it is deeply dedicated to maximizing shareholder returns.

With all of the information provided above in mind, I think Agnico Eagle Mines represents one of the best long-term investment opportunities in the gold industry. Foolish investors should take a closer look and strongly consider using the post-earnings weakness to begin scaling in to positions.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AEM (Agnico Eagle Mines Limited)

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