



Gold Stocks to Consider for Exposure to “Safer” Investments

Description

After another day of relatively strong performance of certain gold companies and higher gold prices, I thought we should look at a comparison of some of the gold companies in terms of how they are faring operationally.

Yamana Gold Inc. ([TSX:YRI](#))([NYSE:AUY](#))

Over at Yamana Gold, management has estimated that gold production will increase nicely in the next two to three years.

In the latest quarter the company was free cash flow negative. The debt-to-total-capitalization ratio was a respectable 23.5% and the net-debt-to-EBITDA ratio was 2.8 times, which is quite high. An all-in sustaining cash cost of \$878 per ounce is expected for 2016.

The issue with this company is the fact that its operational performance has been inconsistent in the past, and although increasing gold production in 2016 and slightly declining all-in sustaining costs are positives, the company needs to show more of this as well as a strengthening balance sheet for investors to regain confidence in it.

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#))

Kinross has addressed the issue of a declining production profile by engaging in mergers and acquisitions. One of its acquisitions was the recent purchase of gold-producing assets in Nevada from **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:ABX](#)). Production is expected to increase in 2016 because of these acquisitions.

The company was free cash flow positive in the latest quarter to the tune of \$200 million. The all-in sustaining cost is expected to be \$975-1,025 per ounce for 2015, which is not great. Kinross achieved \$941 per ounce all-in sustaining costs in the third quarter of 2015 compared to \$919 in the third quarter of 2014, a year-over-year increase. Production declined 4% in first nine months of 2015.

The company's debt-to-total-capitalization ratio is 29.4% and its debt-to-EBITDA ratio is 2.6 times.

Goldcorp Inc. (TSX:G)(NYSE:GG)

Delays and disappointing operational performance at two of the company's mines have hurt the stock, but Goldcorp is a top-notch gold producer. In the latest quarter the company generated free cash flow of \$168 million after dividends, and it achieved all-in sustaining costs of \$848 per ounce.

The company gave 2015 guidance for all-in sustaining costs between \$850 and \$900 per ounce, which is industry leading. This is in the same league as Barrick's cost profile. Recall that Barrick recently reduced its guidance for its all-in sustaining cash cost to \$830-870 per ounce. Barrick has been working hard at divesting underperforming assets and strengthening its balance sheet, but the balance sheet is still significantly more levered than Goldcorp's at this time.

Goldcorp's debt-to-total-capitalization ratio is 13.5% with \$330 million in cash as of the end of the third quarter of 2015, and the debt-to-EBITDA ratio is a strong 1.6 times.

In summary

Investors are increasingly considering investing their money in relative "safe havens." This quick round-up of some of the different safe haven gold stocks is aimed at giving some useful information to help in this consideration.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:K (Kinross Gold Corporation)
6. TSX:YRI (Yamana Gold)

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