



## Cameco Corporation: Still a Great Buy

### Description

**Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)) is the largest provider of uranium in the world. Being a miner of any sort in Canada carries a certain stigma to investors of late, but Cameco is very much the exception to this stereotype. Here's why investors should consider Cameco for their portfolios.

### Nuclear power is once again attracting attention

In the period following the Japanese earthquake and tsunami of 2011, worldwide demand for uranium effectively halted as countless nations put plans for nuclear power reactors on hold.

During that time Cameco's stock dropped sharply as there was effectively nearly zero demand for uranium, leaving Cameco with a large supply of uranium. The stock is down about 60% from that time.

Over the past year demand has started to pick up again for uranium as many countries are beginning to reconsider nuclear power as a way to meet growth targets while minimizing the use of fossil fuels.

Japan has warmed to the idea of using nuclear power; several reactors have come back online over the past year, and over a dozen more are awaiting approval.

Both China and India are engaged in massive infrastructure booms, which require significant power needs. India has six reactors under construction, whereas China has 20 reactors. Both have plans for countless more reactors to come online within the next decade, and both have set significant growth targets that will rely heavily on nuclear power.

### Fourth-quarter results should show promise

Cameco is set to report fourth-quarter results on February 5, and expectations are that this should be a positive quarter overall for Cameco.

Earnings per share are expected to fall in the range of \$0.33-0.59 with most analysts forecasting that earnings per share will fall to the lower end of the range. Revenues are expected to fall into a range of \$780-837 million with profits of \$120 million expected.

Cameco currently trades at \$17.05 and is up over the course of the past month by just over 1%. The company pays out a quarterly dividend of \$0.10 for a yield of 2.35%. Consensus among analysts is that a rating of "buy" should be on the stock.

### **Production increases are likely**

The Cigar Lake project, which Cameco holds a 50.025% stake in, has finally become fully operational. In 2015 the facility generated over 10 million pounds of uranium concentrate. Last month Cameco announced that the expectation from this facility in terms of production would be 16 million pounds of uranium concentrate for 2016. Cameco's share of this would be eight million pounds.

Cameco is one of the best options for long-term growth on the market. The company is priced at a significant discount, and the financials of the company are trending upwards with each quarter as demand for uranium steadily increases. While there could still be short-term shifts in the stock, over the longer term the stock is a sound investment that has massive potential for investors.

### **CATEGORY**

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

### **TICKERS GLOBAL**

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2. TSX:CCO (Cameco Corporation)

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