



## Investors: Barrick Gold Corp. Is a Great Investment Option

### Description

Gold companies are hardly what comes to mind when thinking of what an efficient and profitable company should be. But that is exactly what **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) has become.

When gold prices came crashing down from nearly US\$1,900 per ounce five years ago, gold producers around the world were left with significant costs, burgeoning debt, and largely inefficient operations.

Barrick held the company's annual meeting this week in Toronto, and the mood was set by three words said by Chairman John Thornton: "Barrick is back."

### What's changed at Barrick?

Thornton has completely overhauled the company since taking the reins from former chairman Peter Munk a few years ago. Senior management has been modified, staffing costs have been reduced, and communication between mine managers has increased. And that's just from the staffing side of the company.

Just a year ago, the company had a massive US\$13 billion in debt—roughly the market cap of the company at that time. While it isn't uncommon for gold producers to carry a large load of debt, Barrick's debt was significantly more than any of its competitors in terms relative to the size of the company.

Needless to say, with gold prices depressed, Barrick started an aggressive and ambitious plan to slash debt across the board, setting a target of \$3 billion, or 25%, of debt reduction by the end of the year. Even more impressive is that the company met that target through a number of sales, partnerships, and deals.

### Results have shown improvement

The result of all the cost cutting and increased efficiencies came to fruition this week as Barrick released better-than-expected results for the first quarter. The company reported earnings of US\$127 million for the quarter, more than double the US\$67 million the company posted in the same quarter last year.

Earnings per share came in at US\$0.11, which was US\$0.06, or 120%, better than the same quarter last year. Analysts were expecting the company to post US\$0.10 per share for the quarter.

Revenue for the quarter was actually 14.2% lower than the same quarter last year, coming in at US\$1.93 billion compared to the US\$2.25 billion posted last year.

An interesting point to note is that while revenue was lower than it was last year, the company is vastly more efficient, which resulted in the impressive revenue and earnings figures. All-in-sustaining-costs guidance for 2016 is now lower by up to 8%, within the US\$760-810 per-ounce range.

Another factor to consider that played a significant role in these results is the price of gold itself. After more than five years of depressed prices, the precious metal soared 16% in the first quarter, which was the best performance for the metal in 26 years.

The impact of these results and Barrick's improving fortunes on the stock price has been nothing short of impressive. Year-to-date, the stock is up by 104% and by over 50% in the past three months alone.

What Barrick has accomplished in a short time is impressive, and what Thornton said in relation to the recent results this week exemplifies the dedication and discipline with which the company is proceeding: "This is just the beginning ... We do not believe in victory laps. We set the bar higher and go back to work."

In my opinion, Barrick represents a great growth opportunity for those investors looking for long-term growth. Even if the current rally in gold does not continue, Barrick is well positioned in terms of efficiencies and debt reduction to remain one of the better options on the market.

## **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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