

Billionaire George Soros Is Buying Barrick Gold Corp. Again: Should You Buy Too?

Description

Soros Fund Management made headlines at the beginning of 2016 when it revealed a large position in **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX).

The fund exited most of the Barrick holdings before the end of the second quarter, but it has begun buying again after the stock gave back some of its huge gains.

According to the latest regulatory filing, Soros purchased 1.78 million shares of Barrick in Q3, bringing the total stake to 2.85 million shares.

Let's take a look at the current situation to see if Barrick should be in your portfolio today.

Earnings

Barrick delivered strong Q3 2016 results.

The company generated adjusted earnings of US\$278 million, or \$0.24 per share. That's significantly better than the US\$0.11 per share the company earned in the same period in 2015.

Barrick's strategy under current management is to maximize free cash flow, which tends to be music to the ears of astute investors, such as Soros.

The company generated US\$674 million in free cash flow in Q3 and has posted a positive result in the key metric for six straight quarters.

Debt control

Barrick began 2015 with US\$13 billion in long-term debt. The heavy load threatened to crush the company, so management set out an ambitious plan to reduce the obligations by US\$3 billion last year.

Few pundits believed the plan would succeed given the weak market conditions, but Barrick hit its goal through non-core asset sales, new partnerships, and streaming deals.

This year, the company is on track to cut another US\$2 billion off the debt load and is planning to get the total below US\$5 billion in the next three to five years and be debt-free in a decade.

At one point, this company looked like it was in real trouble. That's no longer the case.

Cost controls

Barrick is also making good progress on the operational side of the equation. In fact, the company has reduced its all-in sustaining costs (AISC) guidance three times this year.

AISC for the full year is now expected to be US\$740-775 per ounce on production of 5.25-5.5 million ounces. This makes Barrick the low-cost producer among the big miners.

What about copper?

Barrick is known for being the world's largest gold producer, but the company also has significant copper holdings.

The base metal has struggled in the past five years but is starting to finally recover and now trades near US\$2.50 per pound. If the gains hold, Barrick should get a nice boost to cash flow heading into 2017.

Copper AISC is expected to be US\$2-2.20 per pound in 2016 on production of 380-430 million pounds.

Should you buy like Soros?

Gold has been under pressure in the wake of the U.S. election, and pundits are split on the metal's next move.

Soros is one of the planet's top investors and made the right call on Barrick earlier this year, so there is reason to consider a contrarian position in the stock despite the unexpected pullback.

If you believe gold and copper are headed higher over the long term, Barrick should be at the top of your buy list.

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