



## How Donald Trump May Be Helping Shareholders of Cameco Corp.

### Description

In the past year, an awful lot has been written about **Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)) and the possible outcomes for investors and the company. Cameco is a uranium producer trading at close to 85 times earnings and offering investors an approximate 2.5% dividend yield. In early November 2016, shares broke the \$10 mark and have since rebounded to more than \$15 per share. There are currently investors who have returns exceeding 50% in only a few short months.

For long-term investors, there is a lot to consider. With a book value of \$13.79 per share and a share price of approximately \$15, investors may be getting a fantastic deal.

The major conundrum, however, is the court case which involves the company and the Canada Revenue Agency (CRA). Basically, there is a dispute involving approximately \$2.2 billion of taxes which may or may not be payable. As the court case moves forward, it becomes increasingly likely the government and the company will reach a settlement.

### Enter Trump

Whether you're a fan or not, his words were pretty clear. The new U.S. president will be taking care of his country, and a major part of this will be creating jobs in the United States and cutting corporate taxes. The residency test is a little different for an individual than for a corporation.

For a company which has the opportunity to pay a higher tax rate in Country A vs. neighbouring Country B, there's a lot to consider. The reality is, Canada and the United States do a significant amount of business together, and the tax benefits or responsibilities are close enough to see established companies operate and remain on each side of the border. As President Trump moves forward with his term, there are significant risks to Canada should the corporate tax rate be cut drastically.

Getting back to Cameco (or other Canadian companies which choose to pay taxes in Canada), there may be the opportunity for it to consider relocating to a warmer climate south of the border. In addition to the better weather, there will be less taxes to pay; the CRA is aware of this.

## What do we do about Cameco?

Investors who've bought shares in the past few months have done very well. Although the \$2.2 billion tax bill represents approximately \$5.55 per share, this is only a potential one-time expense. The decision to buy will depend on the company's fundamentals and long-term profitability of the industry. In the past few years, the company's profitability has been squeezed, but, like many in the industry, this could be the beginning of another breakout.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

### PARTNER-FEEDS

1. Msn
2. Yahoo CA

### Category

1. Investing
2. Metals and Mining Stocks

### Tags

1. Editor's Choice

### Date

2025/07/27

### Date Created

2017/01/23

### Author

ryangoldsman

default watermark

default watermark