



## What Does the Westinghouse Bankruptcy Mean for Cameco Corp.?

### Description

Westinghouse, which is a nuclear energy giant and **Toshiba Corp.** subsidiary, has filed for bankruptcy.

The move risks sending shockwaves through the global nuclear industry and could put more pressure on already struggling uranium producers, including **Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)).

### What's the story?

Toshiba purchased Westinghouse in 2006 for more than US\$5 billion with grand ambitions for the global nuclear space. At the time, it made sense as nuclear development was ramping up on expectations of curbs on carbon emissions, and Toshiba's home country Japan was one of the world's largest users of nuclear technology.

The relationship has been a challenging one right from the start, and Toshiba has since booked billions in write-downs on its U.S. nuclear business due to costly construction delays and budget misses.

### Broader market risks

The bankruptcy filing further exposes the challenges Toshiba is facing in its nuclear operations, but the broader impact on the industry could be significant.

At the moment, Westinghouse has four nuclear plants under construction in the United States. The bankruptcy filing could delay the completion of these facilities as legal battles begin to determine if the parent company is responsible for financing the projects until they go into service.

Beyond the U.S., the Westinghouse failure is also sure to cause some concern.

The company is constructing reactors in China and was in negotiations to sell its new AP1000 reactor model to India.

Roughly half of the planet's nuclear power reactors already use Westinghouse technology, and the company's AP1000 design has been touted as a possible game changer for the industry.

### **Impact on Cameco?**

Uranium producers are already struggling, and the Westinghouse bankruptcy could turn out to be another blow to demand.

If a number of the Westinghouse projects are delayed or get scrapped, uranium suppliers might not see new long-term contracts signed as quickly as expected.

### **Should you own Cameco?**

Fans of the stock believe most of the bad news is already priced into the shares, and while the uranium industry is mired in a multi-year slump, the long-term outlook for the sector is good.

That might be the case, but there is little reason to rush out and buy Cameco today, and the Westinghouse situation is just one more indication that things might not have bottomed out yet in the nuclear industry.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

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