



## Is it Kinross Gold Corporation's Time to Shine?

### Description

**Kinross Gold Corporation** ([TSX:K](#))([NYSE:KGC](#)) has been a popular pick for contrarian investors looking to catch the stock at its bottom. The stock has been cruel to contrarian investors; it continued its decline for many years following the Great Recession.

Last year looked to be a turning point as the stock managed to post gains for the first time in quite a while. Kinross has been picking up momentum over the few months, but is the rally sustainable? Or will the roller-coaster ride of volatility continue into the latter part of 2017?

### Pundits believe Kinross is underrated and could be set to soar

Greg Barnes, an analyst TD Securities, recently recommended Kinross as an action list buy over catalysts which he believes will drive the stock higher over the next year. A new report that TD Securities issued stated, "We believe that many investors have overlooked Kinross and have missed the significant improvements in the company's production profile, balance sheet, and operating strength that management has delivered over the past several years."

### A word of warning when it comes to analyst recommendations

I'm going off on a tangent here, but when it comes to analyst recommendations or price targets, I recommend using them simply as a supplement to your research. While the analysts that make these recommendations are qualified, they are not oracles that can predict the future.

Nobody knows what's going to happen in the short term, not even the Oracle of Omaha, Warren Buffett. If you're going to sell a stock if it drops due to short-term fluctuations, then you're better off not buying the stock to begin with.

If a recommendation goes sour, the stock could get quickly downgraded, and you'll be more likely to sell the stock if you blindly followed the recommendation, since panic is more likely if you don't know what's going on.

However, if you do your homework and analyze a business, then treat analyst recommendations as a

confirmation to your investment thesis. If you truly believe in a company, and a stock experiences a short-term sell-off, you'll be more likely to stick with the stock and potentially even buy more at the better price.

### **Kinross: a new and improved business?**

The Tasiast mine in Mauritania has been a disappointing project since its acquisition many years ago. This is set to change as Kinross spends US\$300 million to increase production. The Tasiast mine is experiencing good cost performance in Q1 2017, which is expected to continue in the months going forward.

Kinross has approximately \$1.1 billion in cash and no debt maturities until 2020. The balance sheet is getting better, as the management team aims to improve the gold-equivalent production profile. The company expects gold-equivalent production to be between 2.3 million and 2.5 million ounces per year.

Kinross is trading at a reasonable valuation at current levels, and I think it's worthy of adding to your portfolio if you're bullish on gold.

Stay smart. Stay hungry. Stay Foolish.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

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