



Looking for Gold? Here's a Stock to Consider

Description

If you are looking to add a gold or precious metals stock to your portfolio, take a look at **Franco Nevada Corp.** ([TSX:FNV](#))([NYSE:FNV](#)). Franco Nevada is a gold royalty and streaming company. It also has interests in platinum, silver, and oil and gas. The company has properties in Canada, the U.S., Mexico, Peru, Chile, and Africa.

Franco Nevada by the numbers

The company released second-quarter results on August 8. It reported adjusted net earnings of US\$0.25 per share, which was in line with industry expectations. This beat 2016's second-quarter results by 13.64%.

Year-over-year revenue growth for the stock sits at 37.56%, and Franco Nevada has a healthy profit margin of 21.26%. Return on equity is only 3.23%, but that's in line with many of its peers. Over the last three years, revenue growth has averaged 15.03% per year, far outpacing the industry average of 3.92%. Earnings growth has also averaged 106.07% annually compared to the industry average of 40.97%.

The stock has a high trailing P/E ratio of 107.95, so the earnings don't come cheap to investors. The stock currently trades very close to its 52-week high of \$104, so it is not currently on sale. Analysts don't expect it to be higher over the next 12 months, so this is not a stock looking at short-term gains. Analysts believe this entire sector is poised for growth, however.

Franco Nevada has a minuscule debt-to-net-equity ratio of 0.01793, so this company has almost no debt dragging it down — something that bodes well for continued stability.

The company offers a dividend, but it's a small one. The current quarterly offering is US\$0.23 per share, giving it a yield of just 1.16%. Since 2014, the dividend amount has increased by one cent per year. That isn't much, but at least it's an upward trajectory.

Investor takeaway

The company pays a low dividend, and the stock doesn't look poised for much growth over the next

year, so is this stock worth purchasing? It boasts solid profit and revenue numbers, and the company's debt is almost non-existent. If you are looking for a quick buck, this isn't likely the company for you. However, if you want to invest in gold or precious metals, and you are looking for a stock with solid fundamentals that you can hold for a while, Franco Nevada deserves your consideration.

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