



## Why Agnico Eagle Mines Ltd. Rose 2.4% Last Week

### Description

**Agnico Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)), one of the world's largest gold miners, watched its stock rise 2.4% last week thanks to a 3.4% surge on Thursday following the release of its third-quarter earnings results, positive revisions to its full-year guidance, and a dividend increase. Let's break all of this information down to determine if the stock could continue higher from here and if we should be long-term buyers today.

### Breaking down the Q3 results

Agnico Eagle release its third-quarter earnings results after the market closed on Wednesday, October 25. Here's a quick breakdown of eight of the most notable financial statistics from the three-month period ended on September 30, 2017, compared with the same period in 2016:

<b>Metric</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>Change</b>
Revenues from mining operations	US\$580.01 million	US\$610.86 million	(5.1%)
Income before income and mining taxes	US\$105.00 million	US\$87.94 million	19.4%
Net income	US\$70.96 million	US\$49.39 million	43.7%
Net earnings per share (EPS)	US\$0.31	US\$0.22	40.9%
Total payable gold production	454,362 ounces	416,187	9.2%
Production costs per ounce	US\$578	US\$666	(13.2%)
Total cash costs per ounce	US\$546	US\$575	(5.0%)
All-in sustaining cost per ounce (AISC)	US\$789	US\$821	(3.9%)

### Positive revisions to its full-year guidance

As a result of its strong operational performance in the first nine months of 2017, Agnico Eagle increased its production guidance and reduced its unit cost forecast for the full year of 2017. Here's a breakdown of its new guidance compared with its previous:

<b>Metric</b>	<b>New guidance</b>	<b>Previous guidance</b>
Total gold production	Over 1.68 million ounces	1.62 million ounces
Total cash costs per ounce	US\$570-600	US\$580-610
AISC	US\$820-870	US\$830-880

### A dividend increase too? Wow!

Agnico Eagle also announced a 10% increase to its quarterly dividend to US\$0.11 per share, and the first payment at this increased rate will come on December 15 to shareholders of record at the close of business on December 1.

### What should you do now?

The third quarter was highly successful overall for Agnico Eagle, which has been [an ongoing theme](#) for the company in 2017, and its positive guidance revisions and dividend increase were icing on the cake, so I think the market responded correctly by sending its stock higher last week. I also think the stock could continue higher from here and move back towards its 52-week high of US\$53.17 reached back in November 2016, representing upside of more than 17% from today's levels, because I think it has proven once again that it is one of the highest-quality gold producers in the world today, which will continue to attract investors.

Investors should also note that the dividend increase Agnico Eagle just announced puts it on track for 2018 to mark the third consecutive year in which it has raised its annual dividend payment, making it a stealth dividend-growth play.

With all of the information provided above in mind, I think Foolish investors seeking exposure to gold should consider initiating positions in Agnico Eagle today with the intention of adding to those positions on any significant pullback in the near future.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

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jsolitro

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