



Barrick Gold Corp.: Should You Own This Stock?

Description

Barrick Gold Corp. ([TSX:ABX](#))(NYSE:ABX) reported Q3 2017 results that came in below market estimates.

Let's take a look at the current situation to see if the stock deserves to be in your portfolio.

Tough quarter

Barrick reported a Q3 2017 net loss of US\$11 million, or US\$0.01 per share, compared to net earnings of US\$175 million, or US\$0.15 per share, in the same period last year. Lower gold production and weaker gold prices were partly to blame, but the company also took a hit from a concentrate export ban placed on one of its subsidiaries in Tanzania.

Adjusted net earnings came in at US\$186 million compared to US\$278 million in the same period last year.

Barrick reported operating cash flow of US\$532 million in the quarter, which is down from \$951 million in Q3 2016. Free cash flow was US\$225 million compared to US\$674 million last year.

The company produced 1.243 million ounces of gold in the quarter at all-in sustaining costs (AISC) of US\$766 per ounce. That compared to production of 1.381 million ounces at AISC of US\$704 for Q3 2016.

Overall, it wasn't a great three months for the company.

Positive outlook

Barrick recently reached a framework agreement with the Tanzanian government to end the country's dispute with Acacia Mining, which is majority owned by Barrick.

The company hopes to finalize a deal in the first half of next year. Terms of the agreement include a US\$300 million payment to Tanzania as well as a 16% stake in Acacia's three mines in the country.

Barrick continues to make progress on its debt-reduction efforts. The company has reduced total debt by US\$1.5 billion in 2017 and remains on track to get total debt down to US\$5 billion by the end of next year.

Barrick's debt load stood at close to US\$13 billion at the beginning of 2015.

Less than US\$100 million in debt is due before 2020.

Should you buy?

Full-year 2017 gold production is expected to be 5.3-5.5 million ounces at AISC of US\$740-770 per ounce, making Barrick the largest producer with one of the lowest cost structures in the industry.

The situation in Tanzania should get resolved, and Barrick remains on track to meet its turnaround objectives.

You have to be a gold bull to own any of the gold miners. If you fall in that camp, Barrick probably deserves to be in your portfolio.

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