



## Should Teck Resources Ltd. Be in Your Portfolio Today?

### Description

**Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)) just reported strong Q3 2017 results.

Let's take a look at Canada's largest diversified [mining company](#) to see if it deserves to be in your portfolio.

### Earnings and financials

Teck reported adjusted profit of \$621 million, or \$1.08 per share, for Q3 2017 compared to \$152 million, or \$0.26 per share, in the same period last year.

Adjusted EBITDA came in at \$1.4 billion, roughly double the number in Q3 2016.

The company has about \$4.9 billion in liquidity, including \$1 billion in cash and US\$3 billion in undrawn credit facilities.

Teck has taken advantage of the price recovery in its core markets to pay down its debt load. The company finished Q3 with debt of \$6.122 billion compared to \$8.343 billion at the same time last year.

### Commodity outlook

Teck produces metallurgical coal, zinc, and copper.

Coal sales hit 7.54 million tonnes in Q3, the second-highest quarterly sales number in the company's history. The company reported an average realized price of US\$159 per tonne, which was up from US\$92 per tonne a year ago.

Prices have come down from the late 2016 and early 2017 highs, but Teck is still making good money in the coal unit. Coal sales are expected to be 6.5 million tonnes in the fourth quarter.

Teck sold its copper for an average realized price of US\$2.87 per pound in Q3 compared to US\$2.17 in the third quarter of 2016. Copper prices have soared in recent months, hitting three-year highs.

Production disruptions have combined with strong demand to support the rally.

Zinc has also been on fire this year, reaching levels not seen in a decade. Teck's Q3 average zinc sale price was US\$1.32 per pound compared to US\$1.02 last year.

Demand remains strong, and supplies are tight due to a lack of investment in new production.

### What about oil?

Teck is a 20% partner on the Fort Hills oil sands development, which is scheduled to begin commercial production by the end of 2017.

The timing might be right for [Fort Hills](#) to begin production, as oil prices appear to be on the mend. Teck could see a nice boost to cash flow in the coming years if oil can extend its recent recovery.

### Should you buy?

If you are a long-term commodity bull and can handle some volatility, the recent pullback in the stock might be a good opportunity to add a small position to your portfolio.

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